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The Wine Spectator California Winemen Oral History Series

Agustin Huneeus

A WORLD VIEW OF THE WINE INDUSTRY

Interviews Conducted by
Carole Hicke
in 1995

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Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the Nation. Oral history is a method of collecting historical information through tape-recorded interviews between a narrator with firsthand knowledge of historically significant events and a well-informed interviewer, with the goal of preserving substantive additions to the historical record. The tape recording is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The corrected manuscript is indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and in other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Agustin Huneeus, "A World View of the Wine Industry," an oral history conducted in 1995 by Carole Hicke, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1996.

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Augustin Huneeus, 1995

Cataloging Information

HUNEEUS, Agustin (b. 1933) Winery President and Owner

A World View of the Wine Industry, 1996, vii, 77 pp.

Chilean winery *Concha y Toro* in 1960s; Seagram worldwide wine businesses; California wineries: Noble Vineyards, Concannon Vineyards, Souverain Cellars, Franciscan Estates. Winery management at Franciscan: marketing, vineyard practices, wild yeast fermentation, appellations, health aspects of wine.

Interviewed in 1995 by Carole Hicke for the Wine Spectator California Wine Oral History Series, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

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PREFACE

The California wine industry oral history series, a project of the Regional Oral History Office, was initiated by Ruth Teiser in 1969 through the action and with the financing of the Wine Advisory Board, a state marketing order organization which ceased operation in 1975. In 1983 it was reinstituted as The Wine Spectator California Winemen Oral History Series with donations from The Wine Spectator Scholarship Foundation. The selection of those to be interviewed has been made by a committee consisting of the director of The Bancroft Library, University of California, Berkeley; John A. De Luca, president of the Wine Institute, the statewide winery organization; Maynard A. Amerine, Emeritus Professor of Viticulture and Enology, University of California, Davis; the current chairman of the board of directors of the Wine Institute; Carole Hicke, series project director; and Marvin R. Shanken, trustee of The Wine Spectator Scholarship Foundation.

Until her death in June 1994, Ruth Teiser was project originator, initiator, director, and conductor of the greater part of the oral histories. Her book, Winemaking in California, co-authored with Catherine Harroun and published in 1982, was the product of more than forty years of research, interviewing, and photographing. (Those wine history files are now in The Bancroft Library for researcher use.) Ruth Teiser's expertise and knowledge of the wine industry contributed significantly to the documenting of its history in this series.

The purpose of the series is to record and preserve information on California grape growing and winemaking that has existed only in the memories of wine men. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some commercial winemaking did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his or her own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State

Library, and in the library of the Wine Institute, which has made its collection of materials readily available for the purpose.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of The Bancroft Library.

Carole Hicke
Project Director
The Wine Spectator California Winemen
Oral History Series

August 1996
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

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INTERVIEW HISTORY--by Carole Hicke

Agustin Huneeus, president and part owner of Franciscan Estate Selections, was interviewed as part of the Wine Spectator's California Winemen Oral History Series to document his career and perspectives on the wine industry.

A native of Chile, Huneeus is one of the few vintners who has spent his entire professional life as part of the wine industry. He began as Chief Executive Officer of *Concha y Toro* winery in Chile. He later joined Seagram in Argentina and eventually headed its worldwide wine operations based in New York. In addition to overseeing Seagram wine interests in Germany, France, Spain, Italy, and New Zealand, he became president of the Paul Masson winery in California.

Moving to California in the mid-'70s, Huneeus bought vineyards, the Noble Winery, and later Concannon Vineyard.

In 1985 Huneeus became a partner and president of Franciscan Estate Selections, making premium wines under several California and Chilean labels.

Huneeus was interviewed in his home on Lombard Street in San Francisco on March 6 and May 15, 1995, and in his office at the Napa Valley winery on August 10, 1995. The transcript was reviewed and lightly edited by interviewer and narrator.

This series is part of the ongoing documenting of California history by the Regional Oral History Office, which is under the direction of Willa Baum, Division Head, and under the administrative direction of The Bancroft Library, University of California, Berkeley.

Carole Hicke
Project Director

December 28, 1995
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

Regional Oral History Office
Room 486 The Bancroft Library

University of California
Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Agustin Humeeus

Date of birth Santiago Chile Birthplace 4/8/33

Father's full name Agustin

Occupation Engineer / Entrepreneur Birthplace Chile

Mother's full name Virginia Cox

Occupation writer Birthplace Chile

Your spouse Valeria Quesney - Phd. Microbiology, ~~Vineyard Mgt.~~

Your children Christiane, Suzanne,
Agustin Francisco, Alexandra

Where did you grow up? Chile & U.S.

Present community Ca. U.S.A.

Education Fordham BS Business -
Harvard AMP

Occupation(s) Vintner

Areas of expertise Entrepreneur - Vineyard - Mgt
Finance - etc

Other interests or activities Music - Pilot - Cello

Organizations in which you are active Napa Vintners Asoc -
Chair Auction.

I BACKGROUND AND FAMILY

[Interview 1: March 6, 1995]##[1]

Chilean Ancestors

Hicke: Let's just start with when and where you were born.

Huneeus: I was born in Chile a long time ago.

Hicke: What year?

Huneeus: 1933, and I am a Leo. I was born in August in Santiago. The family origin is Dutch. Both my mother's side and my father's side had been in Chile for many generations. They had been entangled, so to speak, in Chilean history and education for a long time.

Hicke: Can you just tell me a little bit about them?

Huneeus: For example, my mother's maiden name is Cox, and as you probably know, in Latin countries women don't lose their name when they marry. My mother's name still is Virginia Cox. My name is therefore a composed name of my father, who was Huneeus, and Cox, which is my mother's name.

The first Cox to arrive in Chile happens to have been the first doctor ever in Chile. His name was Nathaniel Cox. The family became entrenched. Then my grandfather from my mother's side was the politician who was minister of war during the Chilean-Peruvian war. They lived in Europe lots of times. He has always been in the congress and a senator and all that.

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[1]This symbol (##) indicates that a tape or a segment of a tape has begun or ended. A guide to the tapes follows the transcript.

In my father's family, my grandfather was also very much involved in politics, an extreme right conservative, Catholic, everything. Also senator; almost as long as I remember he was a senator. His forebears were also very important legal people of the Chilean history. Gorge Huneeus was the head of the University of Chile for a very long time, and very notable in that respect. So, what I am saying is that the family is Dutch, which doesn't mean that they just got off the ship. Somebody fell off a ship at some point a long time ago. They probably walked the plank off the coast of Chile.

Hicke: Would both sides of your family, then, have come originally from the Netherlands?

Huneeus: No, Cox is English, definitely very English.

Childhood

Hicke: And you grew up in Santiago?

Huneeus: Yes. I grew up in Santiago. My father was involved in many enterprises but mostly in the Chilean steamship business, I mean the merchant marine business.

Hicke: Could you tell me his name, please?

Huneeus: Agustin Huneeus. It so happened that my father was the general manager for the Chilean steamship company. They are called steamships, but they are not steamships.

Hicke: Is that the actual name of it?

Huneeus: In this country it had a name, Chilean Lines. It was called Chilean Lines. In Spanish it is just CSAU, which means Compania Sud Americana de Vapores.

Hicke: Steam?

Huneeus: Vapores, yes steamship. That position required frequent travel to America. As a matter of fact, during the Second World War, when I was very young, my father came [to the United States] and we lived in--he was working out of New York. During that time he decided to have his base of operation in New York. That was the first time that I came to America, and I was a very young person, grammar school, I think, something like that. I guess I was about seven or eight when we first came.

Hicke: Did you speak English?

Huneeus: No, but at that age I picked it up in a few months. The United States--I don't remember if it was the first or second trip--went to war.

Hicke: That was 1941, so you would have been about eight, seven or eight.

Huneeus: It went to war so, strangely enough for somebody who is not a native American, I went through the war, I went through air raids, I went through rationing, I went through collecting tin cans and the whole works, very typical American boyhood at that age. I became, sort of, immersed in American quote, unquote culture.

Hicke: You saved tin foil balls?

Huneeus: Yes, of course, of the chocolate bars. I used to listen to--at that time it was the radio program, very American. I went to school in--

Hicke: You lived in New York City?

Huneeus: New Rochelle, New York; this was in Westchester County. I went to Iona Grammar School. Then we went back to Chile after about three years here. We went back to Chile, and I went back into the Chilean growing up thing. When I was about twelve I guess, we came back here again for a few years. I am educated in both places.

Hicke: I was just going to ask you, when you switched back and forth between these educational systems, what was the effect? I would suspect they had better schools in Chile, or at least different. Did you have to get put back and forward?

Huneeus: Yes. There are two problems related to that: one is that the programs aren't parallel. I would come here, for example, and I would have a very strong mathematical background and of course no history or anything like that. So I would have a hard time in that. Then I would go back there and have no Chilean history--it just didn't work. Another thing is that we have the counter season. We are now approaching spring, Chile is approaching autumn. So when I would finish school here, I couldn't just go back and take the course, because they were in the middle of school over there. So, that was complicated.

It creates a different personality, because you live here, you live there. You are not identical to the kids in either of

the countries. You start learning that you are yourself, you are different, and that no culture is valid in front of the other. You know how kids are very dependent on what everybody does, and you don't want to be different? Well, there is no way you are not going to be different. I was different in Chile because I was a gringo. I was different here because I was a Chilean.

Hicke: You always felt kind of on the outside of things?

Huneeus: Always on the outside, but that was never quite a big problem for me. I sort of adapted to it like your size or your color or the way you look. It was just me. I was just different, but that is accepted.

Hicke: Do you think it stimulated or challenged you in some way?

Huneeus: I think it certainly marked me, because the last time we went back with my parents, I must have been thirteen or fourteen years old. I finished school in Chile. I got my bachelors [degree] in Chile; in Chile we follow the French program, which is, you get a bachelors degree upon finishing your sixth year of high school, which I did.

Education

Huneeus: Then I became absolutely determined that I was going to come to the university in the United States. That must have come from my pride at being here. By then I was bilingual completely. I was able to get myself a scholarship, because my parents didn't want me to come here, so they wouldn't contribute. I got a scholarship, and I came and did my studies here.

Hicke: To which university?

Huneeus: I went to Fordham University in New York.

Hicke: Can I ask about your scholarship? How did you happen to apply, and how did you pick that university?

Huneeus: Fordham University was a Jesuit university, and I was at a Jesuit school in Chile and became close to a lot of the priests there. I was very involved in intellectual pursuits. There was one particular Jesuit, who was a very important international theologian, who would go to Chile and would come here. I would relate to him when he was in Chile, a lot. I finally asked him, "You have to help me get out of here. I want to go to the United

States." He made it look like it was some kind of a competition that I was entering. Whether it was or not I don't know, never will. Thing is that I got a scholarship which paid my tuition.

To pay my board I applied and got, from Chile, a subsidy of sixty dollars a month. It wasn't much. But at that time it was half of what I needed, at least. That was given to me by the Chilean Ministry of Economics, I think it was. They liked people to go outside, so I got this little bit of money. So I had my tuition plus this money.

Then, I worked of course. In New York I worked in lots of things. I first worked in the American Kennel Club. By the way, I know a lot about dogs and what they eat and how they behave. Then I started working at the school library, where I really liked it. I would work nights and weekends, and read. I think that I have never done more reading in my life than there. I had a grand time. They used to pay me seventy-five cents an hour.

Hicke: Oh yes, and all the books you could read. [laughter]

Huneeus: And all the books I could read. And, by the way, all the study time I needed. I had a night job, so I was just sitting there reading, basically. During the summers I would make significantly more. That would stabilize my economic position.

Hicke: I need to back up a little bit. When you were going through these American and Chilean schools, both grammar school and high school, what subjects were your favorites?

Huneeus: I think that I sort of liked the subjects where I had good teachers. I have analyzed that a lot, by the way, because in interviewing people, which I have to do a lot for hiring, I always ask them the question, "What are your favorite subjects?" It occurred to me that one's favorites subjects are always the ones that were well taught. I had great teachers in some areas. I was always very good at things which did not require memory. I could not find the interest in learning lots of things by heart. I was very poor, for example, in Chilean history where basically the questions were: what year was such and such a battle? Or who was the general of such and such a thing? I didn't like that at all.

Hicke: That has turned a lot of people off history, that kind of teaching.

Huneeus: Inorganic chemistry--the value of this or the value of this atom forming a molecule--these things. I just could not get myself to

be interested in learning things by heart. But in things that were conceptual, like Spanish literature, I had a wonderful time. One teacher put me into this area. I never knew I had any interest in the golden years of Spanish Literature, Cervantes--and just brought literature into our lives. He turned out, later on, to be very highly reputed.

Hicke: You mean he went on to write and publish?

Huneeus: Yes. In the Chilean program we studied philosophy and logic, so mathematics was very interesting. Physics was okay. Chemistry was terrible. History was--when I had an interesting teacher that was interested in the ideas more than in the names and the dates, I would do well. And literature I liked.

Hicke: Were there Spanish books in the Fordham library?

Huneeus: No. Throughout life I have learned that it is much easier to read English. Spanish for me it is quite easy, but English is a more precise language. It has more verbs. Any quote in an important book that is written in English is going to be shorter than one from a book that is written in Spanish. It is more precise.

Hicke: So, back to the time at Fordham University, what did you study?

Huneeus: I studied business. I guess the priority in my life at that time was to get on with life. We are talking about 1961. Business administration was something fairly new in America and totally new in South America. So I thought I would study that. I thought I would end up in public life, like others in my family, so I emphasized public administration and economics. And parallel to that I was taking some graduate courses at Columbia University. I never did get the degree from Columbia.

Hicke: Where did you live in New York?

Huneeus: The first year I lived in the Bronx, and then after that I decided that I wanted to work in New York City, since I was coming to New York City to study, because that permitted me to work in the afternoons. So I lived in different apartments or boarding houses, whatever I could afford.

Hicke: Do you remember anything about your professors at Fordham?

Huneeus: I think that Fordham had a good, overall program. I think that I was a little disappointed in the education there. I expected a lot more when I first came, and the whole effort of being here was--it was too pragmatic and too limited, I thought. That's why

I went and got myself into industrial engineering classes at Columbia, because I wanted more.

Hicke: What did you have in mind to do with the industrial engineering courses?

Huneeus: Well, I thought that I was going to get my bachelor's at Fordham and then get my degree in industrial engineering at Columbia. But I never did get all the credits. What happened was that I married while I was finishing at Fordham, then right after that I went back to Chile and started working, so I never finished the engineering degree.

II BEGINNING CAREER POSITIONS

Fishing Company in Chile

Hicke: What year did you get married?

Huneeus: I got married in 1955, I think.

Hicke: Could you tell me your wife's name, please?

Huneeus: She was my first wife, Christiane Cassel.

Hicke: Okay, so you then went back to Chile?

Huneeus: I went back to Chile and started working there in of all things, fishing. My father was still in the steamship business but with him we developed a fairly new concept, which later on became very important for Chile and Peru, which was fish meal. Basically, it is a component of most meal for chicken and hogs--animal feed--and it's just mashed up fish.

Hicke: What kind of fish?

Huneeus: Well, we were fishing hake, which is a very abundant fish right off the coast of central Chile, near Santiago, and later on we also fished sardines and things like that, but it's ordinary fish. It turns into a sort of powder, very high in protein. We sold the fish meal mostly to Europe and America. I was doing this and this company was working, and typically in the fishing business there are periods of bonanza, when you are fishing a lot of fish and the company is doing fantastic. Then there are periods when you fish very little, either because of the weather, or because the fish have decided not to be fished.

Hicke: Sounds like good preparation for being in agriculture. [laughter]

Huneeus: It was! My father left for Europe again on the same company business, to live there, and I was in charge of the fishing company, and we had big amounts of money sometimes, and then very little sometimes, so I had a lot of dealing with investing money in the stock market, or whatever I could get it into. In an economy like Chile's, unstable, with inflationary forces at work, you don't keep money; you invest it right away.

Acquiring a Winery: Concha y Toro, 1960

Huneeus: In this investing I became very close to the person who would eventually be very close in the wine business, who was a stockbroker. His name is Eduardo Guilisasti. He once came to me and said, "Why don't we invest money in this company?" which was Concha y Toro. Concha y Toro was a sort of sleepy company. It was not by any means the most important wine company in Chile--it was number three or four--and it was sort of going down. It used to be, before we got involved, a family company, but apparently the family wasn't getting along, so we were able to buy the stock. His idea was to buy the stock, because there was more bulk wine inventory in the company than the whole value of the stock. So his idea--which I wasn't enthusiastic about--was to buy a lot of stock, sell the bulk wine inventory, give ourselves dividends to pay back the stock, and then sell the stock, which would have been pure profit.

I'm telling you now the way I got into the wine business.

Hicke: Right! That's what I wanted to know.

Huneeus: I told him I don't have money, this fishing company sometimes has money, sometimes not. He said, don't worry about it--his was a big stockbrokers' company--we'll give you margins if you need it and whatever. So we did that, and we bought together--Eduardo and I--we bought about 15 percent of this company. And then we said, let's liquidate the inventory now and pay ourselves. But in order to do that, we realized that one of us had to jump in as the manager. And because they were so separate, all the family, we were able to get on the board, and very soon we were sort of controlling and running the company. I took the general manager's job. Now we're talking about 1960.

Hicke: Okay.

Huneeus: And I was twenty-six years old, so I was pretty young to be general manager. Very shortly after I was in there, I would say

three months after I was into it, I told Eduardo, you know, this is a wonderful business; instead of selling out, let's stay with it. So that is what got both of us into the wine business.

Hicke: So you started out from the business end of it?

Huneeus: Yes. I had, through the family, a small ranch which had a small vineyard.

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Hicke: You were just starting to tell me about your vineyard.

Huneeus: I had a small ranch with a vineyard, which was maybe twenty acres, or something like that. I would sell wine--I made wine in this place. In Chile, typically at that time, nobody sold grapes. Every farm that had a vineyard would turn those grapes into wine and sell it to companies like Concha y Toro. I had sold to Concha y Toro, so I knew them from a business point of view. I had sold grapes to them, or wine really. I knew they were quite disorganized, but nice people. Basically an old company that didn't really have any destiny.

Hicke: They never had their own vineyards?

Huneeus: Oh, they had a lot of vineyards too. What I really liked about the company was that they had huge, wonderful vineyards, which we were going to get free. After we sold the bulk wine we were going to get these vineyards for free. They were everything--Cabernet Sauvignon and Sauvignon Blanc. This was a large company. It was not Chile's most important, by any means, but it had good vineyards, excellent vineyards. So, that was how we got into the wine business.

I started running this company, and Eduardo stayed in the stock market. I ran it as general manager, which is the equivalent of president. Here they call them presidents; over there they call them--managing director was my title for approximately ten or eleven years. The company turned itself, or we turned it into Chile's most important company by far, in the wine business, and one of the more important ones in Latin America, certainly. It did very well.

Hicke: You got some dividends anyway?

Huneeus: Well, I got a lot of gratification, no dividend. We put all the money back in. What happened later--this company then turned into a large company. I developed exports for the first time.

I bought other companies. This was ten years of running a business. My learning curve was very high at that point. I was just learning. I didn't know how to run a company. I didn't know the first thing about wines.

Hicke: Let's not go by this too quickly. Where did you start when you got into the managing director's position?

Huneeus: I started, really, by deciding--I was very young, very enthusiastic and thought I knew it all, obviously. The first thing I did was get rid of all the old guard of managers and put my own, new people in. I hired a person who was, perhaps still is Chile's most knowledgeable vineyard manager. So, he got involved. We were the first to send people--this particular person--to [University of California at] Davis to learn.

Hicke: What is his name?

Huneeus: Ricardo Vial. He came to Davis and met with Maynard Amerine, whom I see you have there, with [A. J.] Winkler, with Jim Cook. We established the first connection between Davis and Chile, which later thrived and became much closer. We were pioneering in the vineyards in Chile. In winemaking I hired also a very good man from Germany. He was in Chile, but [he had the] German knowledge and is still the head winemaker of Concha y Toro.

Hicke: And his name?

Huneeus: This one you won't get, Goetz von Gersdorf.

Hicke: I was not too far away. It has something to do with a village.

Huneeus: Right, Gersdorf, you are absolutely right.

Hicke: And he is still your winemaker?

Huneeus: Not mine, because Concha y Toro is not mine anymore. He is still with the Concha y Toro winery. That grew and we did very well. Anything I can tell you is not enough. It was a success story of the--we were pioneers in almost every area in Chile at that time.

Hicke: Give me some more examples.

Huneeus: We were pioneers in packages, for example. We brought into Chile the first liter bottle, which is the vehicle for selling quote, unquote jug wines. Before that, it used to be jugs--five liter, fifteen liter jugs--which were reusable. We turned the thing into liter bottles, and we were able to deliver the liter bottle

at the same price. That was the end of the jug. That was marketing; we had a very good guy there. Let's see, what else? We bought a couple of other companies, and we grew that way.

Hicke: Can you recall their names?

Huneeus: Yes, we bought Vina Tocornal, which used to be pretty important at that time.

Hicke: And it was a winery?

Huneeus: Yes, very similar to Concha y Toro, and brand and that. Perhaps the most important move that I made was the export. I really started the export business of Concha y Toro, and most Chilean wines came in after us.

Hicke: How did you go about doing that?

Huneeus: I packed a little suitcase and I started moving.

Hicke: You traveled?

Huneeus: Yes, I traveled a lot. That led to a contact which later turned out to be very important. I was in Venezuela. Our wine was being distributed by a company which used to belong to Seagram. When I came to America to try to export, it was through the contact in Venezuela that I connected with Seagram. I was trying to get Seagram to market my wine in the United States. Seagram answered, "We are definitely interested; we would like to invest in your company." So we were negotiating. I didn't want to sell a part of my company, but they wanted to buy a part of the company. We were playing at this negotiations thing when all of a sudden Chile elects Salvador Allende president, which was an unexpected thing for Seagram and for me. So, that knocked the Seagram negotiation right out of the table.

Hicke: They didn't want to invest in the company after that?

Huneeus: Oh yes, you don't invest in Communist countries. There is no way you can. What happened then was that Seagram said, We can't have anything to do with this, but if ever you want to leave Chile, which they thought I would have to, please call; we would love to work with you in some other facet. What happened was that, indeed, I found it necessary to leave Chile very soon after that.

Hicke: Tell me what happened to your business after you left?

Huneeus: What happened to the business was that the Allende regime acted in a sort of legal format, abusing the law, intervening in my

company. First, they would put a government interventor there who would run the company. He hired a lot of political Communist activists and put them on the payroll of the company. Prices were congealed at that time. You couldn't raise prices. Inflation was very high. With the amount of extra people that we had on our payroll, our company started losing money, which was no problem, because then there was a state bank that just funneled whatever the company needed. So, little by little the company became pretty worthless in terms of equity. Without any illegality, the company had de facto passed into the hands of the government, which was their way of doing it. It also happened that my second in command was a closer person to Allende than I was; so we decided that I would leave and he would run the company and we would see what happened. We really had very little hope.

Hicke: What about the rest of your family? Did they have to leave?

Huneeus: No. We didn't have to leave. We left because I thought Chile was going to be a Communist country and I didn't feel very comfortable. If you are a skier you go where there skiing is. What is the sense of being in the desert if you are a skier? I was a business person and I had done this for many years. I didn't even think that it was such a bad idea at that time to be a Communist country. Certainly the right hadn't been able to do any good for Chile. The Christian Democrats had not been able to do any good for Chile. So, maybe the Communists could, for all I knew, do some good. I was not going to fight it and I was not going to be part of it.

Hicke: That is a good explanation.

Huneeus: I decided to leave the country immediately. We all of a sudden had to leave--but that was a temporary thing. It so happened that there were arms in one of my cellars in Concha y Toro. This was a few months after Allende had been elected. They issued a warrant of arrest for me. I was just working in my office in a day and then I got a call from Valeria, my wife, who told me that her cousin, who was the minister of the interior of Allende--that's how Chile is, by the way--called and said, "There is a warrant of arrest." Valeria said, "That's crazy, there are no arms." He said, "There may well be no arms." What there was really was an old antique collection of World War I arms. They didn't belong to us. They were in a house that belonged to an old relative of ours, but it wasn't our house. He said, "That's fine and it is true but it is going to take Agustin some time to clear himself. In the meantime he is going to be in jail." I said to hell with that, and I took the first airplane going out,

which happened to be going to Buenos Aires. That is, sort of, the first leaving.

Joining Seagram

Hunneus: I called Seagram at that time and they asked me to run their Argentina operations. That is basically how I started with them.

Hicke: Was this your second marriage?

Huneeus: Yes. I married Valeria in 1964.

Hicke: In Buenos Aires you had made contact with Seagram?

Huneeus: Yes. I had been in contact with Seagram. They offered me the job of running the Seagram operations in Argentina, which were important. They were four companies: a large distilling company, a large wine company, and a distribution wholesaler. We did quite well there. I turned the thing around. At that time I was very naive about working for corporations. I thought it was just like working for yourself. I did everything that had to be done, never checked with anybody and did excellently well.

Hicke: Let's get the year, maybe I have it; 1973, is that right?

Huneeus: No, that is when I left Argentina. We are talking 1971 here.

Hicke: Let's go back to when you started out with Seagram. What did you start out to do?

Huneeus: President of Seagram Argentina, it was called, which was these four companies. They did very well. After two years of living in Buenos Aires, I received the offer of coming to New York and running Seagram's international business. I didn't want to leave Argentina really, because I felt close to Chile, and some day we were going to go back and etc. But, at that time in Argentina there was this war--what they called the Dirty War--going on. People in my position were being kidnapped and killed very often. As a matter of fact, my colleague of Hiram Walker, I was Seagram, he was Hiram Walker--we were close--he got himself kidnapped and they never found him again. It was a very nervous situation. I would go to the office in a caravan of cars and nobody knew which car I was in, and machine guns in the cars. Whenever I went on a bicycle or anything like that, there would be a couple of cars. It was a terribly unnerving kind of a situation. The children were nervous, Valeria was very nervous. So, we said, let's get

let's get out of here. We did in 1973. I accepted the position in New York and we came up to New York.

Hicke: When you started in New York what was your job?

Huneeus: My job when I started in New York was vice president, international operations. I had a large group, about thirty companies, I guess it was, Seagram companies around the world that I would supervise, including my old company in Argentina, of course, but also in every country in Latin America as well as Europe and lots of places where they had companies. I was fully responsible for all of them. This was the first time Seagram named an international person. Up to now it was all run by the same president out of New York, everybody reported to the same guy. Edgar Bronfman decided that he wanted someone to run the international company, and that was what I was there to do.

Hicke: They reported to you and you reported to him?

Huneeus: Yes. It was a very hectic job in the sense that I was always in Europe or somewhere. Every other week I was out. There were never two weeks in a row that I was at home. It was just terrible. After about a year or two of that position, they reorganized Seagram, making spirits one section and wine another section. I asked to be put in charge of wines. I was the person in Seagram that was in charge of all of the wine businesses.

Hicke: Including both national and international? So they split it another way?

Huneeus: In another way. In that capacity, then, I became president of Paul Masson [winery].

Hicke: How did that work?

Huneeus: Paul Masson was a Seagram company.

Hicke: You became president of all the companies that were held by Seagram or just one?

Huneeus: This one I named myself president. I named the presidents of all of the others. Because of this one being the largest and the one that was going to be my center of operations, I named myself president. So, I was president of Paul Masson, and I had thirty-six other wine companies, including two in Germany, two in Italy; Barton-Guestier in Bordeaux, and a company in Spain, Palacios; in Argentina, and Brazil. I had a company in New Zealand, Montana. Paul Masson, of course, which was pretty important, and Chateau and Estates [Seagram Chateau & Estate Wines Co.], which is large,

reported to me at that time. Chateau and Estates is a marketing company here.

Hicke: Did you stay in New York? When you came home was it to New York?

Huneeus: We lived in Bronxville, which is in Westchester County, very close to where I had been--five minutes from where I had been in high school.

Hicke: You obviously brought to bear the imaginative techniques that you had been developing all along, to this Seagram position. What were your first responsibilities?

Huneeus: The only condition that I put to Seagram about coming to America was that they would put me through the Harvard Advanced Management Program. That was a very valuable experience to me.

Hicke: How long were you going to this?

Huneeus: This is a three-month or four-month course.

Hicke: Totally dedicated to--

Huneeus: Totally dedicated, 100 percent. It is called the AMP--it's like an MBA. That is a top level management course which is, perhaps, the world's best. It used to be at that time. What I learned there was a lot of things which permitted me to prepare for the Seagram job, mostly.

Hicke: Can you give me some examples?

Huneeus: What I learned there was the possibilities that there are in this country to secure funding for businesses if you are a well-respected professional. And human relations skills which was--Seagram's was a highly political company, and I had difficulties with that, because my upbringing had been through my own business. I had only run that other company.

III CALIFORNIA WINERIES##

Pacific Land and Viticulture, Inc: Noble Vineyards

Hicke: You were talking about what you learned at the Harvard Management Program.

Huneeus: I soon learned after a few years in New York, I mean after one year in New York, that I was not going to make the corporate life my life. I wanted to move on quickly. I think that in this Harvard environment I quickly learned how strong the entrepreneurial thing is in this country and how easy it is. I made up my mind then and there that as soon as I got my legal residency, I would seek my own thing, which I did. As soon as we got our quote greencard, I resigned from Seagram and started my own thing by buying a large vineyard in the [California] Central Valley between Madera and Fresno. We bought the Noble Vineyards. This was about three thousand acres of vineyards. It had a small winery, small by Central Valley terms. Actually, it was a three-million-gallon winery, which is big by my terms today.

Hicke: Tell me about looking for it. How did you find it?

Huneeus: I found it because this was offered to me while I was at Seagram and I tried to buy it, but Seagram didn't want to buy it. I tried to buy it for Paul Masson--it was a sort of a distressed sale, so it was very low priced.

Hicke: Who had owned it before?

Huneeus: I think it was a Mr. Noble--it was called the Noble Vineyards--and he had died, so the family wanted to sell it for estate purposes, or something.

Hicke: What kind of vines were planted?

Huneeus: They were the typical Central Valley thing. It was French Columbard, and Barbera, Carnelian, and that kind of thing. We developed an interesting niche. We discovered that at that time all of the fine wine houses of the North Coast wanted to have a generic wine program. Basically, it was a time that Mondavi and Beaulieu and everybody had chablis and burgundy. We became sort of a supplier of high quality, Central Valley generic wine. We did very well economically.. I had partners, and the partnership ended after six years. By then I had also been thinking about getting into the fine wine business. I had also bought Concannon Vineyards, which is an old, interesting winery and vineyard.

Hicke: Let's elaborate on both of these a little bit. Noble was a bulk wine producer, is that what you are saying? You sold the wine in barrels--

Huneeus: It was a bulk wine producer starting from grapes, yes. We sold only bulk wines, no bottles.

Hicke: What kind of equipment did you have?

Huneeus: We had a very good winery for bulk business. In other words, it was all stainless steel tanks. We had the most sophisticated equipment we could find to make the best wines we could out of those grapes, and it was pretty good wine, actually ended up drinking it. I liked it so much I started drinking it. Wouldn't touch it anymore but--

Hicke: Did you have a winemaker or did you--

Huneeus: Oh, yes. I had a wonderful winemaker with whom I am very good friends still, Richard de los Reyes. You may have heard of him. He works with Joe Ciatti now.

Hicke: Did you have vineyard managers too?

Huneeus: Yes, Jim Wineman. He passed away, unfortunately, a few years ago; he was our vineyard manager. Then he left and Jim Curtis took his job.

Hicke: What kinds of challenges did you have?

Huneeus: It was very difficult to find a niche where you would have business every year. In that particular business, it is always speculative. You can either sell before or after. If you sell before [the crush], sometimes there is no price, you just have to go and sell at a loss, or else you take the risk and don't sell and hope that the crop is not going to be very good and the price is going to go up. It is a very speculative, challenging thing.

It was fun. I really enjoyed that business. It was certainly easier than the business I am in now. It was much easier, you only had five clients or something. We became important suppliers of--well, Paul Masson for sure, and also then later on for Coca-Cola. Remember when Coke came into the business?

Hicke: Yes.[1]

Huneeus: Oh, we were very important suppliers to them in wines and grapes. We had more grapes than we could turn into wine so we always sold some grapes that other people would crush.

Hicke: Did you live in the Valley?

Huneeus: No, I lived in San Francisco. I fly, so I would sort of, commute.

Hicke: Do you fly your own plane?

Huneeus: Yes.

Hicke: When did you learn to do that?

Huneeus: When I was about twenty-five-years old I learned.

Hicke: We missed that.

Huneeus: I have been flying ever since. Still fly, as a matter of fact, this morning I just got back.

Hicke: So, you manage to travel by your own plane some of these times?

Huneeus: What happened was that in Chile when I was running Concha y Toro, I found myself traveling a lot on Chilean roads, and they are dangerous. I figured out that if I didn't learn to fly, I would end up being run over by a truck in Chile someday. The safety conditions of driving in Chile at that time--even today--are dangerous. At that time particularly, they were very dangerous. I learned how to fly for self-defense, not for anything else. It has become a fun thing to do.

But even when I had the Fresno property, I would fly to Fresno. Then, we had an airfield in the vineyard. That was a lot of fun--fly every week and spend a couple of days here, but

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[1]In 1977 Coca-Cola bought Sterling Vineyards; in 1983 Sterling was purchased by Seagram.

my office was still in San Francisco. Now even when I have the Monterey vineyards, I always fly there.

Hicke: Where do you park your plane?

Huneeus: I fly from Gnoss [Field], which is Novato.

Hicke: San Carlos has a small airport too.

Huneeus: I used to keep it in San Carlos. That's where we used to have it when I used to fly to Fresno all the time. It was great because we had a home in San Carlos.

Hicke: Does your wife fly also?

Huneeus: Co-pilot, but she's not a pilot. She flies around a lot. We did a lot of flying in South America when we lived there.

Hicke: For vacation?

Huneeus: Yes.

Hicke: I think that is a novel reason for taking up flying; at least I haven't heard of it before. [laughter]

Huneeus: That was definitely what it was--self-defense.

Concannon Vineyards

Hicke: You were still at Noble vineyards and you had bought Concannon. How did you get into that?

Huneeus: I decided that it was important to start getting into the fine wine business. I thought it was important. We did that as a partnership first. I guess this was in--I don't even remember. We did it as a partnership first; and when we sold Noble, which we did, then Noble and I kept Concannon. Now we were independent.

Hicke: Yes, but meanwhile what did you do with Concannon when you had it? What kind of grapes and--

Huneeus: Concannon was a company that was very sleepy when I bought it. We developed a lot of new vitality in it. It was based on Petite Sirah, and we turned it more into Cabernet, Chardonnay, like most of the premium business. Concannon had a beautiful Sauvignon

Blanc, and we emphasized that. What my problem with Concannon was that it had a very old winery, and it had grown to the point where we could not maintain it without getting a new winery, and I didn't have the resources. I found myself looking for a partner, and the partner turned out to be a very major corporation that ended up buying me out.

Hicke: And that was?

Huneeus: IDV, International Distillery and Vineyards. It's actually a distillery.

Hicke: Who owned Concannon when you bought the property?

Huneeus: The Concannon family.

Hicke: They didn't want to be involved anymore?

Huneeus: I guess they didn't have the resources. I don't know. Jim Concannon was--Jim's brother had been the one running the company, and when he died, I think they had to sell for estate purposes. Jim remained in Concannon with me for a long time. I think he is still there.

Hicke: Anything particular or memorable about Concannon when you were there?

Huneeus: No, I regret not knowing then what I know today. I think Concannon should have been turned--rather than try to compete in the Cabernet/Chardonnay business, we should have turned it into a Rhone style or Italian style, because it is a different climate and different soil. It doesn't compete, really, with the Cabernet/Chardonnay, but for the other Rhone varietals, I think it is better than anything we can get; wonderful property for that.

Hicke: Well, hindsight of course. Also, now is not then.

Huneeus: Right, and now there is a market for those things. There wasn't then. We had a varietal there called Ricasseteli, which is a Russian white varietal. We thought we would turn that into something, but there was no way of selling. We just couldn't sell a bottle of that.

Hicke: Did you try?

Huneeus: Yes. It wasn't a great wine. It was a very high yield. I don't know why the Concannons had brought that from Russia, something novel. I also think that the Petite Sirah of Concannon was very

good. It could have been an interesting wine. Nothing has happened with the Petite Sirah now.

Hicke: I think there is more interest probably now than there was at that time.

Huneeus: Yes, definitely, absolutely true. Cabernet/Chardonnay wasn't what it is today, then.

Wine Quality

Hicke: Let me just switch gears here for just a minute and ask you how you developed your palate. How do you decide about your wines?

Huneeus: I don't think I have any systematic education of my palate, but from the very early days of Concha y Toro, I made it a point, which was very novel at that time, to have weekly tastings--it didn't turn out weekly, but at least bi-weekly it happened--with the winemakers, and my head of marketing, and sales, and me. That was normal at that time. I would always have other winemakers there. As a matter of fact, I took Maynard Amerine to Chile to teach us how to taste and all that. I have tasted once or twice a week all my life. The palate may not be better than it used to be, but certainly I know how to look for things better. I know how things would develop in the bottle, or how a new wine is going to turn into a aged wine, or how you expect it will evolve. I have gotten a lot of history in tasting. But it is still a mystery to me--how we taste, and how we demand things of our palate which it cannot possibly do, such as serial tasting like they do at these rating events. It is just physiologically impossible for the palate to do what they pretend to be doing.

Hicke: Do you have a certain style of wine that you prefer or that you aim for?

Huneeus: Yes, well I mean I have my tastes. I am very mono-wine faithful. For me, it is red wine, and Cabernet red. If you can grow a great Cabernet you are wasting time and a natural resource if you don't, and it is safer to grow than anything else. I am not prejudiced. But, definitely I have an orientation towards Cabernet--to the Bordeaux varietals in red and in white, as a matter of fact. I can't understand America's fixation with Chardonnay. I find Chardonnays to be a great white wine but very boring after a while because of the French oak all of the time; that makes it pretty uniform.

Hicke: How do you think this madness developed in California, and now throughout the rest of the United States?

Huneeus: This American market is a very unique market. It is a market that is new. The Americans are used to following trends. Trends can cause everything here. I think that because there is a certain lack of tradition, we can go anywhere, like we went from a Mateus Rosé to Sangria to Cold Duck. The things we do in this country are amazing--to Lambrusco to White Zinfandel--and we are now into Chardonnay, and from Chardonnay we are going to go to Merlot--it's going to be the coming thing. They become generic names after awhile. Chardonnay today, to the consumer I think, means white wine, fancy white wine. I don't think there is any concept that it should have a specific flavor, style, or anything of that, just white wine--it's generic. Merlot will be the same thing someday, I suspect.

Hicke: If it is not already here that big. Do you think that these trends have any upward progress--shall we say, people's palates are getting more sophisticated?

Huneeus: Yes, this is not random. This is definitely a quest for quality. It is obvious to me that Mateus Rosé should never have been the sophisticated wine of America, as it was. Sangria, my goodness, and Cold Duck. We have come a long way from Cold Duck and White Zinfandel; we are close to being classic now. Now it is Chardonnay, and little by little Chardonnay is going to take the place of White Zinfandel, I suspect. And when it does, we are more into good, serious wine.

Hicke: As you have gone through having these different wineries, have you had a specific goal for each one? And do you have a philosophy about the wines?

Huneeus: I have a very strong idea that quality wines have to be the representation of a vineyard. I don't like the concept of buying grapes and making a good wine and making it better. I don't know what better is, except as a reflection of a particular terroir. I am always looking for what that vineyard wants to do, and then doing it and hopefully making it good. I don't like the concept that there is a "good" out there and that all wines in the world have to tend towards that good. I think that is a crazy thing we have done to the consumer--making him believe that. This whole system of rating wines in America is that. It is telling the consumer there is a hierarchy on which all wines of the world can be placed. There are two prophets who know exactly how close each wine is to that god and they are called [snaps fingers].

Hicke: The judges.

Huneeus: Yes, two raters. We didn't even appoint these prophets. They are self-appointed prophets. I mean, they are good, that is why they are there, but they are not true in the sense that they don't reflect my palate or yours, they reflect their own palate. We are pretending there is some kind of objectivity there which is false.

Hicke: Do you think that the consumers understand this?

Huneeus: No, I think the consumer believes that a wine that gets a ninety-five rating is better than one that gets a ninety rating. I think he does. I think we exploit that a lot, I mean we in the business, the traders. Wine gets a ninety, it's swept off the shelf immediately, regardless of whether it suits that palate of that particular buyer or not, nobody cares. These raters are very sophisticated raters, and they like wines that are big and tannic and unfiltered and whatever, which is not necessarily what the consumer that just wants a nice wine for dinner tonight would like. Unfortunately, if that consumer doesn't like the wine that the consumer has bought because of its rating, she is going to think--or he is going to think--well, I don't know enough about wine. This is a great wine, but it is terrible to me, but I have to learn to like it.

Hicke: From the marketing standpoint, do you have anything that approaches a solution to that?

Huneeus: Yes, I think that we, the vintners, have to learn that wine cannot be marketed as brands, as branded goods, as they typically are, because there are too many. The decision-making process of buying a wine is completely different from the decision-making process of buying toothpaste or beer. When you buy toothpaste or a beer, you typically--your mind goes immediately from the need to the brand. If I think beer, I probably think Heineken, because I like drinking it. If I think toothpaste, I think Colgate. Now, if I think wine, I have to go through an elaborate process before I get to the brand.

I have to go, first do I want a white wine, or red wine, an American wine, or a Chilean wine, a Pinot Noir, or a Cabernet, a fifty-dollar wine, or a ten-dollar wine? If I say a ten-dollar wine, I am now in a category. Supposing I say I want a California Cabernet, ten-dollar wine, hopefully from Napa. Now I have come to a set where my brand can compete with others. But until then I can't pretend that the guy is going to think, I want a Beringer wine. Nobody wants a Beringer wine or a Franciscan wine, they want a wine. It is a different marketing concept. I call it class marketing, by which I mean we have to market classes of wine, like Merlot is a class of wine, or fighting

varietal--price--is a class. That is what we get people to want. We get them to want a good-quality Cabernet at ten dollars. It is different marketing.

As an example, Carneros is a class of wine, Carneros Chardonnay. There was a time that Carneros--ten years ago--nobody cared about Carneros. Later because these people in Carneros did things right, no matter how poor you were at marketing, if you had a Carneros Chardonnay it was going to sell, or a Carneros Pinot Noir, because a class had been marketed.

Hicke: Did they do that by neighborhood association or something like that?

Huneeus: Yes.

Hicke: That is interesting. So when you approach your marketing, do you consider that the consumer is going to return to this--assuming that he/she has picked out this category--is going to return to the same brand, once he/she finds one in that category that is acceptable?

Huneeus: I think that the wineries are always presented in a limited set, never alone but never with five thousand either. When you go to a restaurant you pick your class of wine, and say you want a white wine and you want a Chardonnay and you want it from California. Now you have ten wines to pick from. Then my marketing is to be one of the ten that are being offered and for you to know enough, or have heard enough, or somehow be persuaded to ask for mine rather than somebody else's. I have to get you first with the Chardonnay of California. Then I have to get myself on the list.

Hicke: You have two jobs. You have to sell your class and then you have to sell your brand.

Huneeus: Then, I have to be present when you have made your choice. It is the same in the store. You don't pick from an infinite amount of wines in a store. They are already limited to twenty maybe, or thirty. I am in a set amount, and I have to be in that set. You are never going to be loyal enough to me to say, "I am getting out of this restaurant because they don't have an Estancia or Franciscan wine." That doesn't happen.

Hicke: Does the opposite happen when somebody says, "I had this fabulous Franciscan wine but I would like to try something different for fun."

Huneeus: Absolutely, people--yesterday I was fooling around in my computer in the CompuServe or--

Hicke: On the Net.

Huneeus: I am on the Net, and somebody in the wine questions said, "Can somebody tell me what other wine I can drink? I am hooked on Estancia and have never found anything I like better." Something like that. I answered it. "If you are hooked on Estancia, drink Estancia, friend. Why change?" [laughter]

Hicke: I think maybe we should stop for now and put off the rest for another day.

Huneeus: Sure.

[Interview 2: May 15, 1995]##

Hicke: I wanted to ask you about working with Sam Bronfman; have you worked very closely with him when you were with Seagram?

Huneeus: No, I worked with Edgar Bronfman. I reported to Edgar senior. Sam was not in the company at that time.

Hicke: Okay. What about other people in the company that you particularly worked with?

Huneeus: I was very close to people such as Ab Simon, who was the head of Chateau and Estates, and Harold Fieldsteel, who was the executive vice-president at that time. I was hired by Jack Yogman, who was the president when I was hired, and we were together for quite a few years, and then all of a sudden he was taken out of his job. I ended up reporting to Edgar, and that was it. I had reported first to Jack Yogman and then to Edgar Bronfman, nobody else.

Small Wineries and Large Corporations: Entrepreneur vs. Executive

Hicke: You have seen the wine business both from the aspect of an individual owner and as part of a large organization. Can you compare and contrast those two perspectives?

Huneeus: Yes. I have given a lot of thought to what the role of a corporation can be in the wine business. In all honesty, except for providing the financial resources, I find that wine is a difficult product of a difficult industry for corporations to be in. There is a tremendous amount of personal involvement at the

level of product and at the level of marketing. At the level of product, it is very subjective. Corporations like to have big, quality control departments. They take quality assurance as a risk factor and then they cover it by having very strict, rigid rules. Of course that is not possible in the wine business at all.

When I first took over the Seagram wine business, Paul Masson, for example, had to submit their blends to the New York lab for bottling. Now, that is a completely difficult thing for a wine company to do.

Hicke: What would the lab do with them?

Huneeus: They were used to the whiskey blending system, indeed all of these distilleries would send their blends in. There would be a panel of tasters that would make sure that the product tasted identical to the standard and authorize it. In wine, of course, you can't do that. In the first place, the whiskey tasters know nothing about wine. All they did was relate it to another sample which was a year old anyway, so it was very different.

Hicke: That certainly seems unusual.

Huneeus: Yes, there were no real wine tasters. That is just an example of how absolutely absurd this all is. The other thing that corporations are very poor at is understanding the tremendous fluctuations of the price of grapes and the price of, therefore, the blend and the product. We had difficulty trying to have the financial people of Seagram understand why our blends would change, and why the cost of the blend would change. There would be blend restrictions oriented at costing out the raw materials. It just didn't work. Fortunately Edgar understood wine very well, and he gave me total independence. We cut Paul Masson and the rest of the wine companies from the corporate quality control syndrome and from the cost and all of that. He let us fly on our own.

Going back to the corporate thing, one of the most important business considerations in the wine business is inventorying very high quality assets. These assets have an appreciation which is the core of the interest the wine individual will be involved in in the wine business.

Hicke: Are you talking about the grapes?

Huneeus: No. I am talking about land, and winery, and wine inventory. These things do not show on a balance sheet, so these large corporations don't see it. The fact that their vineyards have

increased in value and that their inventory is all of a sudden worth 20 percent more than it used to be and all that--that doesn't show on the balance sheet, so they don't care. They say, "I am interested in return on investment, and my return on investment"--these corporations are usually public, of course--"has to be twenty times, or whatever, 20 percent." That doesn't work in the business unless you factor in the valuation increases of these assets.

There is a very big difference, which is even more difference than the corporate versus an individual owner, and that is the difference between an executive and an entrepreneur. Corporations don't have entrepreneurs, they have executives. Individual owners are either individual owners--and nuts, really --or entrepreneurs of some sort. The difference between those two people--the executive is dedicated to a career, to a profession. The entrepreneur is dedicated to a product. Usually an entrepreneur cares much more about product and quality, and he is passionate about the results of his company rather than his own career. Obviously they want to do well and all of that, but that is taken as a side effect of doing things well. The entrepreneur will take risks which the executive cannot. The entrepreneur will be much longer-term-oriented. The executive has to perform in a very short window of time. He is evaluated every year, or maybe even a shorter time. He has to deliver so many cases, so many bags. He has to conform. It is not a business for an executive. It is a business for an entrepreneur.

Hicke: You have really been both.

Huneeus: I have been both, that is why I say that. [laughter]

Hicke: You have a good perspective.

Huneeus: Yes. I found that to be a very important aspect of it. Somehow or other the executive frame of mind is inadequate for a business like the wine business.

Hicke: Turning this around, let's look at some of these factors from the entrepreneur's point of view. How did you deal with costs and changes in values of assets?

Huneeus: The entrepreneur--that has more to do with the ownership. A private owner may not do terribly well on a balance sheet. His operational results may look rather unattractive, sometimes even negative, but he knows that he has an inventory which has just doubled in price, because the crop was short or whatever. Therefore the price of the bulk wine or the grapes of next year's harvest has gone up 30, 50, or 100 percent. It happens. This an

entrepreneur will factor in. He will show a negative balance sheet and be the happiest guy in the world, because he knows he just made a ton of money because the inventory or the value of the vineyards went up. The company, the corporation can't do that.

Another thing which is very typical is this: you have an inventory, let's say today you have an inventory of Merlot. You know Merlot is very short. You can either sell it all at ten dollars a bottle today, or you can sell half of it at ten dollars, or you can sell half of it, but at fifteen dollars a bottle. Then you save the other half for next year and you sell, probably at fifteen or twenty dollars a bottle.

An executive has to perform because he is committed to a cash load commitment, and he is committed to a plan, and that is what he is going to be evaluated on. The entrepreneur will say, "To hell with my cash flow. To hell with my plan. I am going save this inventory and sell it for a higher price, because I can get it long term." It is a permanent position. The risk between buying more barrels or less, French barrels or American, top quality fruit or normal standard fruit--the difference in prices for that little extra edge of quality is huge. It is a very big risk. Executives have a hard time making that decision--making that extra expenditure. It is a passion that leads you to do it. You finally say, "To hell with it. I will make less money, I will take a risk." You do it. Sometimes it works, sometimes it doesn't. If it doesn't you back off.

Hicke: It is a very interesting question. I was going to ask you this later on, but since we are here now: I was looking at your brochure and noticing that some of your wines are made with 80 percent French oak. Some are 100 percent American oak. Some are other combinations of things. Some are half new. How do you go about making those kinds of decisions?

Huneeus: That is a very pragmatic thing. We fall into these products by experimentation and tasting. Mostly, I guess, it is testing. Within the company, we have some winemakers who just love French oak and others who are very fond of American oak. I am personally biased in favor of American oak for red wines, because I was brought up in Chile, of course, where American oak was the standard of quality. Then we were exposed to very fine wines from Rioja, which were also in American oak. Of course whiskey is always in American oak. That flavor of American oak for me is very important, apart from the fact that it is one-third the price, which is very nice even for an entrepreneur, mind you. In red wines I really like American oak.

For the Chardonnay, we are going more and more into French oak, and most of our Chardonnays are in French oak, some 100 percent, some less. It is more that way. Of course our raters, the people that rate wines--there are two or three that are very important--and those like French oak; so we have to cater to them, because we depend on their ratings a lot. They are very biased toward French oak.

Hicke: There is a certain amount of prestige value in French oak, I think, isn't there, aside from everything else?

Huneeus: I think so, mostly because of them. I don't think the consumer really knows the difference or cares too much.

Hicke: You probably are of the avant-garde though; I think more and more winemakers are going to American oak.

Huneeus: I think that we are all learning. It used to be that American oak was basically whiskey barrels. Now they are making barrels to our specifications which are very well made and which release the flavor very much like French oak does.

Hicke: Do you have a special cooperage firm that you work with?

Huneeus: We work with about five really, French and American. The ones that are doing a very good job with American oak are Independent Stave and Dan Thomason. This business is not patented, so whatever anybody does that works, they all do right away.

More on Concannon

Hicke: I wanted to get in the record--you formed this land company to buy Noble and Concannon, that was Pacific Land and Viticulture, Inc.?

Huneeus: Yes, quite a mouthful isn't it?

Hicke: Very descriptive.

Huneeus: My god, we were going to buy everything in sight then. That was the company we founded.

Hicke: When you say we, who do you mean?

Huneeus: There were some Swiss investors. I didn't have the money at that time.

Hicke: We talked about Concannon and then I think about the last thing you said was the partnership split off, or Noble was sold to the other partner and you kept--

Huneeus: That's right. After the term expired we decided to--I kept Concannon as my--I had to compensate with money and things--and they kept Noble.

Hicke: Why was that?

Huneeus: They were mostly interested in lands more than the operations of a winery.

Hicke: They didn't want to make wine?

Huneeus: These foreign investors are more interested in asset base vineyards, which is just vineyards. That is, assets and land. The Concannon was much more of a risky operation, because it was dependent much more on management--as any winery does--than land. That is why they didn't want to be in that, and that was fine with me.

Hicke: How much longer did you continue to operate?

Huneeus: I operated Concannon not very much longer because I was in the process--Concannon did not have a winery. It was an old, old winery and we were growing and doing quite well. So I set out immediately to seek a financial partner that would contribute money. IDV, which was the International Distillers and Vintners of London, appeared as a possible partner. We started negotiating and seeing how we could form a partnership. After a while we came to the conclusion that there was really no way in which a large corporation like them could partner with somebody who had no extra capital like me, so they bought me out. I sold to them. That was in 1983.

Hicke: Was it then you went to Souverain Cellars?

Huneeus: It was during that time; I had a vineyard and I was sort of relaxing. I was having a wonderful time.

Hicke: Flying around?

Huneeus: Flying around, I was going back to school, I was back to music. It was wonderful, one of the best periods of time. I had a vineyard though. I had Mistral Vineyards, which was a nice vineyard south of San Jose.

Hicke: Mistral, as in the wind?

Huneeus: Yes, also as in the poet-laureate of Chile who is Gabriella Mistral of Chile, a Nobel [Prize] winner. That vineyard--I spent three mornings or four mornings running it and had a good time.

Souverain Cellars

Hunneus: Then some friends asked me if I would look at Souverain, which was in trouble. I did.

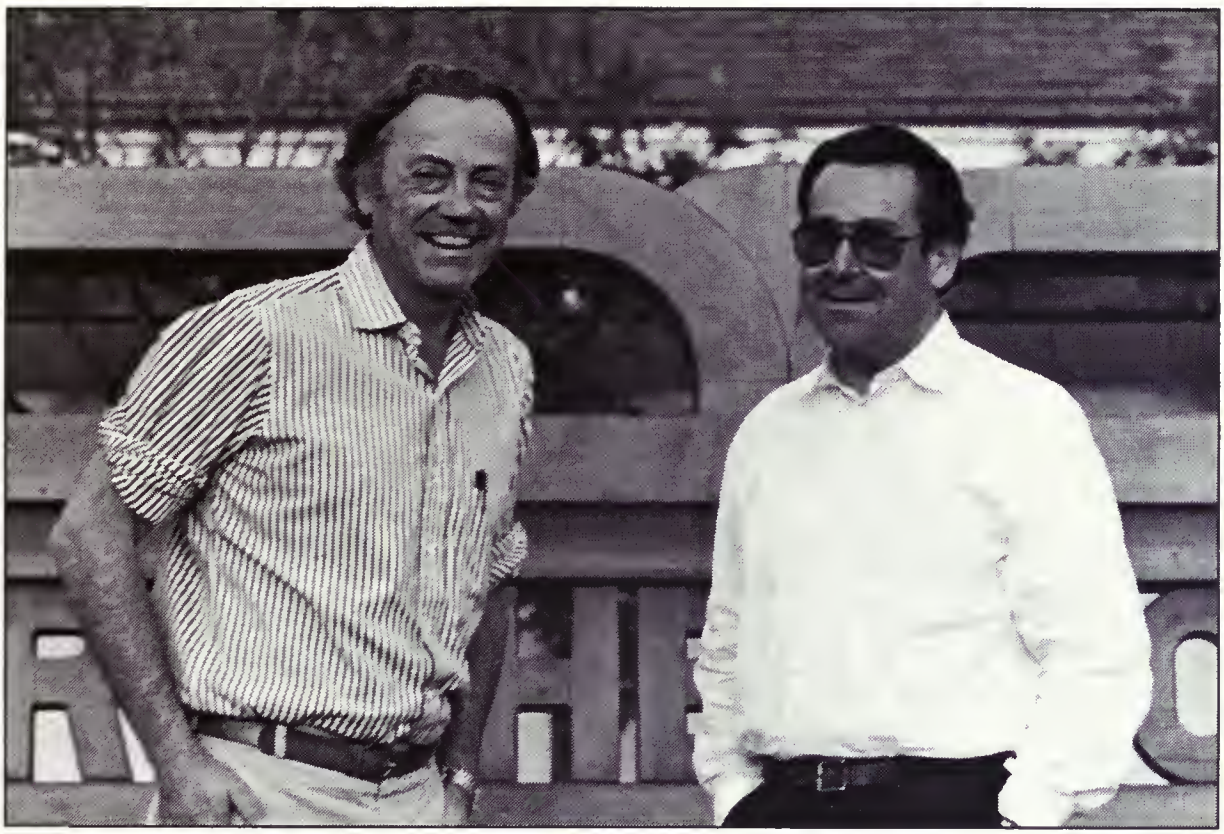
As I was looking at Souverain and giving them my report--because I was doing some consulting here and there just between--the bank which had a big loan out to Souverain said, "While this guy is looking at it and running it, we will keep the loan in, but if not, we pull the loan." There was a tremendous pressure that I stay there running the thing, which I did for about six months. I put a package together and we were really going to turn the thing around, but it was very difficult to deal with those growers. There were cross motivations among themselves. There was a group there that wanted to keep the winery. There was another group that was very serious and just wanted a place to put the grapes in. They couldn't get their act together, no matter what. Then there were some not too terribly clear dealings amongst them, which I didn't like. So all of a sudden I said, "I am getting out of here." And I did and the bank took it over and that was it.

Hicke: You said you had been going back to school. Did that have anything to do with wine?

Huneeus: No.

Agustin Huneeus with Greg Upton, winemaker, ca. 1990

Agustin Huneeus, Sonja Loebe and Hans Loebe, ca. 1968



Agustin Huneeus and Peter Eckes, ca. 1985

1991 San Francisco Wine Competition. Left to right: Anthony Dias Blue, competition director and nationally syndicated wine writer; Agustin Huneeus, Franciscan Vineyards, sweepstake winner for 1989 Oakville Estate Zinfandel.

Photograph by Edwin J. Schwartz, Public Relations, Inc.

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Acquiring Part Ownership

Hicke: Then what did you do?

Huneeus: It was almost like a few days later that Peter Sichel called me one day--we are very good friends with Peter--and said, "I have some friends that have a problem." I guess it was sort of known that I was around. "Would you please help them out?" I said, "Of course not. I will have nothing to do with Franciscan." I did have dinner with them [Peter Eckes and Peter Sichel] and they asked me if I could look at it and help them put a package together, which we did. After a few months I had explained to them exactly why I thought that they had been very unsuccessful. We did put a package together, but it was--

Hicke: Can I interrupt you and ask what exactly you mean by a package; is this to the bank?

Huneeus: No, it was for sale. By package I mean you make your presentation and you decide what you will sell and what you won't and what the price is. There was a buyer for Franciscan. There was an offer and the offer was really accepted by [Peter] Eckes. Eckes was the German partner, but it had to be ratified by their board. When the time came--that was about a week later--at the board meeting, instead of saying, yes we will sell at this price which is what we want, that was what they always wanted, they called me and said, "You have identified the reasons why we have lost money. Why don't you become our partner and we'll turn this thing around?" So, voila, that is what happened.

Hicke: Let me go back and ask you, what were the problems at the winery?

Huneeus: Historically I attribute it to people problems. It had been very misguided, the winery. They went for volume and for low price.

They went for up front spending. They had big organization, big sales people, big everything, very poor management. The people they had picked were just not the right people. There was no direction to the company, no structure, no organization. It was dramatic when I went in there. There was no process for decision making of any important decisions.

Hicke: Was their goal just to make as much wine as possible?

Huneeus: I don't think there was any goal, just keep the thing going and earn your salary, I suppose. These poor investors were in Germany and they had been really--the company was losing something like two million the year I got in. It was really bad. On the other hand, the premium wine business was doing great. Napa Valley, in particular, was doing great, and what was most outstanding is that this company had two of the best vineyards I have ever seen. One in the heart of Oakville--240 acres--the Oakville Estate. They had three vineyards in Alexander Valley, which was another 240 acres. Wonderful vineyards.

[looks out the window] Oh, I see it's raining--terrible.

Hicke: Seems like we'll never come to the end of the rainy season!

Huneeus: This is a disaster for the grapes, terrible. We need spring, we need heat, we need temperature, we need warmth, dry. We are going to be doing Riesling, that's all.

Hicke: Probably the drought was not as hard on the--

Huneeus: No, the drought was not bad at all compared to this. This is terrible. Hopefully it is only San Francisco.

Hicke: They said widely scattered, for whatever that is worth.

Huneeus: They did? Okay. In the inventory of wines that were in Franciscan when I got there, there were some wonderful wines. Whenever I tasted these wonderful wines, they came from Franciscan's vineyards. But for some reason they were selling the grapes of the good wines, and they were buying cheaper grapes in order to maintain the cheaper price. They had such grapes for example, that all of Silver Oak [Cellars], which used to belong to the same owners as Franciscan, all Silver Oak was based on Franciscan grapes, and the wines were done at Franciscan until 1986. Here was the same source of grape, the same winery, the same winemakers, one being the most prestigious and the other you couldn't get rid of. There was something very strange going on.

Ultimately I decided that, yes, I would accept being a partner.

Changing Directions

Hunneus: I made a plan to eliminate everything that wasn't produced in our own vineyards, to identify Franciscan with the Napa Valley; therefore our Alexander Valley vineyards were separated into the Estancia label, which we created then. Just being very serious about the winemaking. And that sort of did it.

Hicke: You headed for premium wines?

Huneeus: Yes, definitely. You can't be anything else if you are in Oakville. We have the best vineyards in Oakville, it is amazing, the quality of these vineyards, and Alexander Valley too, and the foothills. We have wonderful soils for Cabernet and Merlot. So good indeed, for Cabernet and Merlot that I decided to take all of the white wines out of Alexander Valley, although they are great. I think that when you have properties that are grand in Merlot and Cabernet, that's what they have to be dedicated to. Chardonnay is much easier to find areas to grow it in, and perhaps colder regions will ultimately be more renowned than the warmer regions that are good for Bordeaux varietals.

Hicke: There was just an article in the last *Wine Spectator* to the effect that Napa Valley's wineries are paying more and more attention to the land. I don't know if you saw that or not.

Huneeus: Yes, Matt Kramer's article.

Hicke: Again it sounds like you were ahead of your time on that. Can you tell me in more detail--with maybe a couple of examples--of the problems that faced you, maybe the day-to-day challenges?

Huneeus: At Franciscan?

Hicke: Of turning this whole thing around.

Huneeus: There was really no sale franchise. In other words there was a distributor network that didn't want to sell Franciscan, that couldn't care less about selling Franciscan. There was nothing in the sales area. In order to sell Franciscan, you had to go to liquidators like Canned Foods or like--well, like some big discount people and make deals with them. There was no ongoing business when I got there. We had inventories. If I had to

apply the normal inventory parameters, we had inventories for like ten or twelve years in the cellar. We had 1980 Cabernet for--I think I calculated like for fifteen years at that rate that it was selling. It was crazy.

That's when we took all of the Alexander Valley Cabernet and named it Estancia. That worked immediately. That put inventory in balance; within a year we were already in balance because of it. We sold 20,000 cases the first year. We were doing probably 2,000 or 3,000 cases of Cabernet before that.

Hicke: You had to go through the whole process of designing a label and marketing the label, choosing a name?

Huneeus: Yes. My niche was--rather than selling the grapes I would sell the inventory and I would sell the wine, making a little bit of money but trying to get the wine to consume all of my grapes. That is why after '86 we didn't give our grapes anymore to anybody else, including Silver Oak. We were utilizing them in our own label, which absorbed it right away. We priced ourselves very low.

One of the things that taught me--an interesting lesson--was that the consumer immediately recognized the fact that we were giving them a fantastic value in the Estancia Cabernet. It was totally sold out from day one. Now, we released it--this is 1986 or 1987, nine years ago, Estancia--we released it at $36 [a case] FOB to the distributor. Today it is probably about $70, so it has doubled, and it is still sold out and it is still one of the best red wine values in the country, I think. It is a very quality Cabernet Sauvignon, which sells for about ten or eleven dollars, very, very nice value.

Hicke: Did you have any restaurant business when you took over?

Huneeus: None at all. There was no on-premise business whatever.

One of the more difficult questions was, what do you do with a name like Franciscan, which had really been trampled on? Do we keep it or not? That was a very difficult decision, and I still don't know whether I took the right course or the wrong one. Today Franciscan is fine and has prestige and everything. But would it have been easier to rename the winery? I don't know. I took the middle of the road course, which was to develop another brand, which is Estancia, so I did both things. That was a very difficult thing. Franciscan had been very poorly imaged. They sold wines at any price at all. The quality was all over the place. There was no identification between product and winery and the vineyard. It was just a confusing scene.

Hicke: How did you go about changing the image?

Huneeus: I guess ten years of good wines is what changed the image. It was just the wines. There is an amazing network in the wine business. I don't know how it works. The raters weren't as important when we started, so I can't even say we got good ratings and that was it. We did get good ratings, but at that time ratings and *Wine Spectator* weren't what they are today. There is a network; when there is a quality change, people know right away. It is amazing. I would say that the change in Franciscan was not one stroke of genius--"I did this and it changed." No, it was just a permanent, constant preoccupation to improve quality, improve image, improve people, improve everything, packaging, everything, everything, everything. Everything we did had to be improved on a permanent basis. There was no reaching a goal; it was--and still is, by the way--

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Huneeus: --it is just a permanent quest for more quality and more image.

Hicke: Sounds like an enormous job.

Huneeus: It was a job; it is a job still. I don't know what is easier, to take something which is really low like Franciscan and raise it to the level where it normally would have been anyway--for Franciscan to be a high prestige entry in the Napa Valley spectrum of wines is a nobrainer; that's where it should have been all the time. It was mismanagement which took it down. It wasn't fabulous management which took it up. Really. You have a wonderful vineyard, you are in a wonderful area, your neighbors are great marketers. It is much more complex to manage now a group of estates like the ones we have, larger volumes, higher prices. That is more of a challenge.

Hicke: Did you hire a new winemaker and or winemakers?

Huneeus: Yes, that was one of the first things I did: hire a winemaker, Greg Upton, who had worked with me at Concannon. He was the number two at Concannon and I took him immediately as number one at Franciscan. He was very young when I hired him at Concannon, just out of college. He was trained by Sergio Traverso, who is a very strict, Bordelais type of winemaker. Greg turned out very well. He was very dedicated, just did things right. Again, when you have the kind of grapes that we have, it didn't take any genius to--it is much more of a merit, I suppose, to take bad grapes and turn them into good wine. Here we took great grapes and made them into great wines, and that was what we did. That was what turned Franciscan around.

Hicke: How long did it take, do you think? You are in pretty good shape now.

Huneeus: I would say that it has been a steady increase from the year '85, in which I took it over, to the year '95, in which we find ourselves. I am not content at all where we are. We are going to continue our escalation of quality and research and prestige. We are not going to say, "Hah, we made it."

Estates of the Present Franciscan Winery

Hicke: Can we go through your different estates and talk a little bit about the character of each one, starting with Oakville?

Huneeus: Yes. Oakville is the one behind the Franciscan label. In other words, Franciscan is only Oakville Estate. That estate is a beautiful core of Napa Valley. It is right next to where now Opus One is situated. We are neighbors of Opus One. (My god, look at that rain!) Beaulieu's reserves come from there. It is a very wonderful area for growing. Groth [Vineyards & Winery] is my neighbor also, Swanson [Vineyards & Winery] now, and the Gamble Ranch. Oakville has proven itself to be a wonderful source of red Bordeaux grapes.

One of the products that first caught on in Franciscan was its Merlot, much before the Merlot craze in which we find ourselves. That was the easiest product for us to sell from day one.

Hicke: How do you account for that?

Huneeus: I think that estate is really particularly good for Merlot. It is a very mellow Merlot, but yet it has a lot of power to it, mouth feel. Still today it is the easiest product for us to sell, the Merlot. Our Meritage wine, the Magnificat, is very Merlot oriented. It has a high Merlot percent. Right now we have had to replant most of it, and we are about 60 percent through the replanting.

Hicke: Phylloxera?

Huneeus: Yes, phylloxera--and floods, by the way, this year.

Hicke: Are you replanting with the same Merlot?

Huneeus: We have reduced again--my same sort of mental thing is we have reduced the Chardonnay. It is Cabernet franc, Merlot, and Cabernet Sauvignon in inverse order.

Hicke: What kind of rootstock are you on now?

Huneeus: Well, there is such a variety of these things now. I don't even know the numbers. They are all numbers--5CC, 110R, and this and that and the other. I don't pretend to identify each. But there is an evolving and developing science or technique of adopting the right rootstock for the right soil. We are experimenting with that, like everybody else. That is the Oakville Estate. I think it will be dedicated ultimately 100 percent to red grapes, as all of Oakville and Rutherford should be. I think that it will be very Merlot oriented. That should grow, when we have it totally replanted, to about eighty to ninety thousand cases.

Then we have Estancia in Alexander Valley which is, again, three ranches really, total 240 acres. Also has had to be renewed practically in its totality. We are about 70 percent through there; also dedicated to Cabernet Sauvignon, Merlot, and Cabernet franc. In this particular case, Alexander Valley, I think it is more Cabernet Sauvignon--I know it is. I think the Cabernet Sauvignon of Alexander Valley is a very special product. It is very lush and generous and easy to drink pretty early, very fruity, and people love it. The Merlot is also wonderful, but it is perhaps even too mellow in my opinion. It doesn't have the backbone of the Oakville.

I am personally a great believer in Cabernet franc. I like what it does both to the Merlot and the Cabernet Sauvignon. It has a different set of perfume components and flavor. It is just a wonderful blender. It does very well in Alexander Valley.

Hicke: Have you tried making that a varietal?

Huneeus: We haven't come out with one yet, we may.

Hicke: Are you thinking about it or trying it out?

Huneeus: We are thinking about it. The problem is that right now we have three red wines in Estancia--the Cabernet Sauvignon, the Merlot, and the Meritage. Now, if we were to bring out a Cabernet Franc on top of it, we would have four, but we wouldn't have more grapes. We would just divide the same amount of grapes into four labels instead of three.

Hicke: Yes, I see.

Hunneus: Then we went to Monterey with our white wines.

Hicke: This was Estancia also?

Huneeus: Yes, Estancia in Monterey. There we have two ranches really, one which is in Arroyo Seco and one which is the Pinnacles Ranch. It is in the foothills of the Gavilan mountains.

Hicke: Where that Pinnacles State Park is?

Huneeus: Yes. Anyway, we are dedicating that to Pinot Noir and to white wines, to Chardonnay. It is a wonderful Chardonnay area. It is cool, it is very shy growth--we get four to five tons at the most. Very good quality, we like the fruit from that area. I think it is going to be an upcoming and very prestigious area. It certainly does the Chardonnay style that we wanted to make. A little more Burgundian style, less of the very fat Chardonnays of the north.

Hicke: California style.

Huneeus: Yes. We are very happy with that. That is where all of our Estancia Chardonnay comes from.

Hicke: You must have acquired that property after you took over?

Huneeus: Yes, we acquired that property.

Hicke: How did you happen to do that? Were you looking, or did you just come across it?

Huneeus: I was looking for--when I pulled out all of the Chardonnay from the North Coast, I knew I had to go somewhere with my Chardonnays, and that was what we found. We found this property, which used to belong to Paul Masson, so I knew it from my prior life.

Hicke: But you didn't buy it from Paul Masson?

Huneeus: No, because by then Paul Masson had been sold. I bought it from Vintners International. We redid the property in its totality. My partner in that purchase is Howard Tugel, who is our vineyard manager.

Hicke: When you say you redid it, does that mean you pulled up everything and replanted?

Huneeus: Yes, almost 100 percent. There still is some old Chardonnay and some old Pinot Noir, but it was really poorly planted, and bad

clones. By the way, we have also been incorporating rootstock, resistant rootstock, which Monterey didn't have. We are redoing that property as we do all of the others. That one is two-thirds done. We are now putting up a winery there, as we speak.

Hicke: Really, tasting and all?

Huneeus: No, it is just a winery. It is not in the area where you are going to have a lot of tourism. No tourism at all, in fact.

Hicke: The wines are now made at Franciscan in the Napa Valley?

Huneeus: Yes.

Hicke: Is that true of Alexander Valley also?

Huneeus: All the red wines are now done in Oakville, in our Oakville facilities, in the Franciscan winery. All of the whites now are going to be done in Monterey.

Hicke: I see. Mount Veeder--do you still have that?

Huneeus: Yes, that was an acquisition. We wanted to find products that were different. Definitely found that Mount Veeder--the mountain fruit of Napa Valley is different. It is called Cabernet, but it is a very different product. Here is really a *terroir* kind of move. We love the possibility of having a very high end product, top quality California Cabernet. We bought that and we bought it in 1989.

We had a hard time at first, because the inventory we bought was very high in tannin, which is because the fruit of Mount Veeder is very, very tannic, pretty powerful fruit. In 1990 we already had control of the vineyards. We were really able to do a good job of running the vineyards, and blending right, and taming those tannins. It was the highest-rated California Cabernet, so it put that on the map.

Hicke: What was it when you bought it?

Huneeus: It was Cabernet but it was--

Hicke: I mean, did it belong to a winery?

Huneeus: No, it was a couple there, the Mathiesons, who loved to make wine but didn't really have too much of a marketing inclination. One of these people that fall in love with the sight and the idea of making wines. Making wines is one thing, it is very easy. Selling it is another story.

Hicke: Could you sell it?

Huneeus: We were fortunate to inherit quite an inventory. We sold it all off. But it wasn't until the nineties, which was our first product, when it hit the market, that people didn't open their eyes and say, "Hah, Mount Veeder." Of course, Hess, our neighbor, has done a good job. I think that between us we have taken Mount Veeder to a very prestigious level within Napa. Mount Veeder, later after we bought it, was approved as a viticultural area.

Hicke: How does the Mount Veeder Cabernet differ from the valley Cabernet?

Huneeus: It is a much more concentrated product. The spectrum of flavors are totally different. They are both called Cabernet, and they both come, I suppose, from the same family of grapes, but it is a proof to me that there is a great deal of difference between one Cabernet and another, depending on where you grow it. These are older vines, and they are very, very low yield. The tannin content, if you don't really manage it well, can be overwhelming. One really has to produce the fruit in the right way, and [do the] maceration the right way. Everything is difficult in this area. It is a more difficult product, it is a much longer living product, I think. Very different in flavors.

Hicke: What happened to the tannic wines that were in the inventory when you got it?

Huneeus: They have all been sold out. Some people love the high tannin. There is always a consumer there for you. They were good wines, but very high in tannin.

Estates in Chile

Hicke: Then there were two in Chile, do you still have those--Caliterra and Errazuriz?

Huneeus: No. A few years ago we identified Chile as a source of good wines and very good values and interesting to explore, and we wanted to participate in this rebirth of Chile. We developed a brand, which was Caliterra, in a joint venture with a winery called Errazuriz. We worked with them for a year or so. Then we bought 50 percent of the Errazuriz winery, so it all became 50 percent ours. After a few years we parted company with our partners of Errazuriz. We sold it back to them. The reason was

that they needed to grow. They are a Chilean family, of course. This was their source of income. They wanted to grow and take advantage of the market growth in a more aggressive way than I felt comfortable with. We sold our part, but we kept marketing rights to the United States. We still market Caliterra and Errazuriz.

With the funds that we had taken to Chile, we invested in a new area, which is called Casablanca. We planted vineyards there which are just coming of age now. We are putting up a winery in Chile right now.

Hicke: You are developing a label?

Huneeus: We are going to develop a label, yes.

Hicke: What kind of wines?

Huneeus: That is Chardonnay and Merlot right now.

Hicke: It seems like a combination that doesn't go together on the same land, but maybe--

Huneeus: This is a new area so we are testing. We have Cabernet, Merlot, Chardonnay, and Sauvignon Blanc. Sauvignon Blanc is wonderful in this particular area, but who cares? Nobody cares about Sauvignon Blanc in this country anyway.

Hicke: Is that right?

Huneeus: Yes, it doesn't sell. It is not a product that excites anybody, no matter how good it is. We are concentrating on the Chardonnay. The Chardonnay is very good. Because it is a colder area, it is sort of a Carneros-like region. My personal thinking is that Merlot will do very well in that area, because it is cooler than the central valley of Chile, where the Cabernet and Merlot are being grown now. In my experience, Merlot wants a little cooler climate than Cabernet.

Hicke: How about Pinot Noir?

Huneeus: Yes, Pinot Noir would probably do excellently in this property. Then again, it is another "Who cares?" kind of product. Maybe not anymore. Pinot Noir is certainly coming of age now, it seems. This last year it has taken off.

Hicke: Just in the last year?

Huneeus: Yes. Pinot Noir up to now it has been a real--people were pulling it out, particularly in the Napa Valley there is no Pinot Noir anymore.

Hicke: Carneros--

Huneeus: In Carneros there is, for champagne. In Rutherford and Oakville, it was pulled out. In Monterey, it has been pulled out. It was very cheap up to now.

Hicke: It seems like a very difficult grape to handle.

Huneeus: And it is a very difficult wine to market. It doesn't have a ready consumer like Merlot or even Cabernet. Zinfandel today is incredibly high.

Hicke: What kinds of problems does viticulture in Chile present? I could have asked you this last time from your early days, but now perhaps you can contrast that with viticulture in California. For instance, do you have phylloxera there?

Huneeus: Growing grapes in Chile is much easier than growing them here. There is no phylloxera, there are a lot less plants, there is plenty of water. I think the difficulty in Chile is more--if you really want to get very refined, it is difficult to find that kind of labor and that kind of management.

Hicke: Do you mean professional management?

Huneeus: Yes.

Hicke: What kind of labor?

Huneeus: Dedicated people who really want to do a good job and want to take pride in what they do. I find it easier to achieve a higher level of quality work here than in Chile right now. The big difficulty in Chile right now is the dollar, because the dollar is devalued so we are getting much less for our grapes then we used to, much less pesos.

Quintessa - Rutherford

Hicke: I have also a note that you acquired Quintessa - Rutherford.

Huneeus: Yes. Quintessa is a very interesting property. I was telling you about Mistral Vineyards south of San Jose--it is in Gilroy,

actually. We sold that because we decided--with my wife Valeria --that we didn't want to have one vineyard in the south and the rest of our operation in the north, because we never meet. We decided let's sell that and let's look for something up there, which can also be somehow integrated into our operations. Mistral was all sold to Concannon, all the grapes. She started looking--because she runs the vineyard.

Hicke: That is her operation, then.

Huneeus: She started looking and we didn't find anything in the Napa Valley or Sonoma that we could be comfortable with, either because it was the wrong varieties and the wrong soil, or because it was phylloxera-prone--on A X R. All of the vineyards that we saw were really pull-outs. Then we made up our minds to say, "Let's just buy land and plant."

She started looking for open ground and then she fell into this property which is quite remarkable. It is 280 acres on Silverado Trail, actually west of Silverado between Conn Creek Road and Zinfandel Lane. It is a property that had never been planted to vineyard, which is remarkable because there is no such thing in the Napa Valley. It is all in one piece, and it is very, very beautiful. It is all rolling hills, it is not flat. It has a wonderful twenty-acre lake in it. We fell terribly in love with this--she did mostly--and bought it. Bought it with my partners, again.

Then she proceeded to--this was probably the first vineyard that was developed 100 percent after the phylloxera. So there were a lot of new things incorporated into the concept. First of all, the rootstock selection and adapting it to the soil. You are going to ask what rootstock, but I am not going to give you a recitation of all of them.

Hicke: It is a variety, right?

Huneeus: It is a variety. The other thing which has happened is that we are getting a little more recognizing of clones in Napa Valley. We have three or four clones of different Merlots and different Cabernets and different Cabernet francs. Then we have, in Quintessa, about five different climate zones and about four different types of soil, so it is a very, very interesting vineyard in respect to the production we get and what we can do with the wines. It is a fascinating vineyard really.

Hicke: Have you planted experimental plots?

Huneeus: We planted the whole thing; I suppose it is all a little bit experimental but hopefully 90 percent is going to be okay. We have already two harvests from it, because it was planted in 1990, I guess it was. We had a '93 harvest and a '94 harvest. It has proven to be the best property we have. One shouldn't say that, but definitely I think that the wines that are going to come from this property are very unique. That is the next stage. That we are going to be releasing next year.

Hicke: Is that under its own label?

Huneeus: Quintessa, yes.

Hicke: It is going to be Cabernet and Chardonnay?

Huneeus: I think that the top wine would be a blend of whatever the winemakers come up with, a Meritage wine. There will probably be a Cabernet Sauvignon from one of the blocks that they seem to think is very, very unique. There will be a Cabernet Franc and a Merlot, each from different blocks.

Huneeus: How interesting!

Hicke: Yes. I am looking forward to that one for sure. That is a wonderful vineyard.

Appellations

Hicke: Speaking of Rutherford, let me just ask you about appellations. Have you been involved in that discussion? I'm thinking, of course, about the Rutherford Bench appellation.

Hunneus: Yes, very much so. We were very much involved by the way, in the Rutherford and the Oakville appellation. We were very much involved in the controversy of whether there should or should not be a Rutherford Bench appellation. We were against the concept of a Rutherford Bench, mostly because there is no Rutherford Bench, there is no bench. Bench being a geographical formation that we don't have, we thought it was silly to call ourselves the Rutherford Bench.

Hicke: How did that get started then?

Hunneus: I don't know. Apparently it was started because a group of guys used to go hunting, and they used to call an area of Rutherford in the mountains Rutherford Bench, and that's where they used to

hunt. That is how it got started, so we fought that. Of course we won. The group that said there is no Rutherford Bench won. The Rutherford bench was eliminated, and now there is a Rutherford and there is an Oakville [appellation]. We have Oakville Estate in Oakville, and we have Quintessa in Rutherford, so we are part of both appellations. We are part of Mount Veeder appellation, and of course we are part of Alexander Valley appellation, and part of Monterey. We have more groups that we go to, let me tell you.

Hicke: They each have their own associations.

Hunneus: Right, and we all pretend to be different and market ourselves as different, and whatever.

Hicke: You meet yourself coming and going?

Hunneus: Yes, it is really a little too much right now. We start with the Wine Institute. We have the Napa Valley Vintners. Then we have the Monterey Vintners, then we have Alexander Valley Growers, then we have the Oakville appellation, we have the Rutherford appellation and the Mount Veeder appellation, and the Monterey appellation.

Hicke: What do you think of the division into smaller and smaller appellations? Is that helpful to a winemaker and marketer?

Hunneus: I strongly believe in the identification of *terroir*. I think that should be much more important. *Terroir* should be much more important than variety in getting to know the wine. Carneros is more important than it being a Chardonnay, because Chardonnays can be from Carneros or they can be from Fresno and they are a totally different product, so I think in that case, the location is very important. Unfortunately the way the appellation system works in our country is that it is political, and it doesn't mean much. I don't think Napa Valley means much in terms of appellation. By appellation I mean it doesn't mean a lot in what it tells a consumer about what the wine tastes like.

Hicke: How could winemakers make better use of the appellation system?

Hunneus: I think that these groups that we have been talking about, like the Rutherford group and the Oakville group, could start delimiting a little bit the styles and the varietals protected by each appellation group. For example, to give you an absurd example that no one will argue with, I would say that within the Rutherford appellation group, we should say that we are going to protect under our name the Cabernet, the Merlot, this and that and the other, but we will not, for example, protect Riesling or

French Columbard. They can call themselves Rutherford, but they don't form part of this. I am telling you something that nobody argues with, but I would go much further than that and I would say that there should not be a Rutherford Chardonnay, because it doesn't mean anything. It does fine but it doesn't mean anything. There is no difference at all. There is nothing special about a Rutherford Chardonnay. Like that, I think that each appellation--Monterey or Arroyo Seco for example, should not protect Cabernet, I don't think, or maybe it should--but I think it is too cold. There is a tendency for Cabernet to be too grassy.

Hicke: How would you educate the consumers to understand this kind of thing?

Hunneus: Educating the consumer in the wine business is the key. I think that the consumer educates himself very quickly. That is the network I was telling you about. How was the consumer educated to know that Carneros is very good for Chardonnay? I don't know how it was, but it was. There was no educational campaign. How is it that the consumer is coming to recognize Mount Veeder as a special area? There is a network. There is a word of mouth, right now it is--

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Hicke: You were just saying there is a lot of talk on the Net.

Huneeus: Have you seen that? It is full of wineries and things.

Hicke: You told me that CompuServe has that. We have CompuServe but I haven't figured out how to get into it.

Huneeus: I don't know how to get into it either. CompuServe has the Bacchus Wine Forum. That is fun. I go into that once a week and check out what people are talking about; it is fun. But Internet has another monstrous thing. They tell me that 200,000 people go into the wine part--what is it, a week or a day? Anyway, it is a huge number of people. That should be fun for them. That is the kind of network that exists.

Hicke: So, what you are saying is that it is really not a marketing or advertising service?

Huneeus: No. The premium wine business does not communicate through media, period. That is a fact of life. We communicate through the network and the network includes us, our sales people, the distributor, their sales people, then the retailers and

restaurateurs and their sales people. That is the way we get to the consumer.

Marketing to Restaurants

Hicke: Are restaurants--we started talking about this before--considered as a special category in marketing--require a special approach? I guess my question is: how do you get situated in a restaurant?

Huneeus: It's one of the marketing difficulties. We are in an overcompetitive market. For every slot in a shelf, in a wine list, or in a store, there are probably 2,000 competitors. You have to be a little more clever than most, and I think we do better at some things. Restaurants are special in the way you market to them, and of course it depends on what level a restaurant it is. Some restaurants won't touch you if you are a well-known brand, because they want to have exquisite little things that they discover. Others will not touch you if you are something small, because they want you to be there all year long with no risk of running out. Each restaurant is a different story, and they are all prima donnas.

Hicke: Sounds like a challenge.

Huneeus: It is the most important part of our business in terms of communication and image.

Hicke: I guess the key there is educating the person who orders the wine.

Huneeus: Yes, that is the key.

Hicke: How do you go about doing that?

Huneeus: Our sales people do that a lot. That is their missionary work, we call it. We invite people to the winery. We invite restaurants and their staff to the winery, and we send them our newsletter, every way.

Trellising and Canopy Management

Hicke: I would like to go back a little bit to talk about the vineyard. There are some things I want to ask you about--trellising and

canopy management. What is going on there? Are your ideas different for the different estates?

Huneeus: Yes. Trellising is really a function of what you want to achieve with the grapes. Trellising is a way to balance crop and leaves. That is basically what it is. In most of our vineyards, we don't go for volume; so we use a very simple vertical trellis. We don't use the double styles that are abundant now in Napa, the Geneva double curtain or the V or anything like that. We just have one cordon and we have, usually, higher density. We are doing about 1,400 plants per acre, which is pretty high density. Cordon--we usually do a single cordon, rather than the double cordon. We try to keep the manipulation of this whole thing to a minimum.

We, five years ago or more, were going crazy with stripping the vine of the leaves that would shade the fruit. Now we have come back a little bit. We try to shade partially. We are not fanatic about exposing the fruit to the sun, as I hear a lot of people talking about. We do a lot of leaf pulling in this time of year. We thin a lot also in this--right after bloom we try to do that. We maintain our yields at a level which we determine seems to be the optimum. Nobody knows that, by the way. That is the most difficult thing in the world to ascertain--what yield the vine wants to grow the best wine at--very difficult. We do a lot of work on that. It is mostly subjective. That is why Valeria does a very good job with Quintessa, because she has very close contact with those vines.

Hicke: I remember a year or two back we were driving around France and all of the tops of the vineyards were sheared off along a level line. We couldn't figure out what was going on. I guess it was summer pruning.

Huneeus: They do that a lot. They call it hedging.

We don't do that here. The problems of French viticulture and the problems of California are almost opposite. The French are always short of sun and they are always afraid of rot. Those are the two big things in France. We, on the contrary, have too much sun, and it is very dry; so rot, except for this year, is not a factor, not as serious a factor.

We have a different set of problems, which is vigor, perhaps, because of our soil conditions and our water supply and everything--vigor is what we have to worry about. That goes against quality. For example, if the French over crop--the French are very clear in this relationship between yield and quality, and it has to do with sun. A certain number of heat

days will mature a certain number of grapes. If you have more grapes than those, then you really don't mature those grapes. The whole problem with a bad year in France, or an over crop in France, is that those grapes don't get the sugars or the maturity they want. Here we can mature lots of grapes. If we were to guide ourselves by that French concept--that whatever you can mature well is the optimum yield--we would be heavier in yields.

We don't copy the French anymore. We don't hedge as much, because when you hedge, you develop secondary shoot growth a lot. We try to keep our vines growing vertical, in order to avoid shade, or over shade. We don't want too many leaves either, because we have come to the conclusion that when you have more than twelve to fifteen leaves in one shoot, you start getting vegetative character back into the grape for some reason. You want to keep a very strict balance between the number of leaves and the number of grapes. That is what the whole trellising system is about. All of this is amazing. Every day we learn that it is so undeveloped yet.

Hicke: California doesn't have several centuries of wine growing.

Hunneus: No. That article by Kramer[1] is very apropos, because what is happening in California is the appreciation that not all territories, not all properties are adequate for all varieties. There is now a sort of definition of what kind of climate, what kind of soil you want for that kind of style. It is beginning, but we're very far from definitions yet. The replanting of the vineyards in this generation is going to produce an incredible improvement in quality of Napa Valley, Napa and Sonoma, an incredible improvement. We are looking at a completely different decade coming of quality wines, scary. Scary because it is going to be much more difficult than it was before to have the edge on quality. To be a little better than the others is going to be more difficult, because everybody is better now. What are we going to do for improvement? I don't know.
[Interview 3: August 10, 1995]##

Trimming Vines at Quintessa

Hicke: Let's just pick up on a few things that we were talking about here a minute ago, and that is about Quintessa. I'm interested in the fact that the vines are being sheared, as we talked about. Can you tell me a little bit about that and about the person from Bordeaux who was over here?

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[1]"The Resurrection of Napa Valley," (see Appendix A).

Huneeus: Okay. I have seen this year, for the first time, almost extensively in Napa, this--it's not shear; we call it something else--trimming. Highly trimmed vines, very much like the Bordelaise did and do. It coincides with what we have decided to do at Quintessa. What we've been striving for a long time is to reduce the shade on the fruit and the shade on leaves. We don't want shaded leaves in the vineyard, so we've been figuring out how to do that, and we came to the conclusion this year that we wanted to keep them very trimmed. We found a very interesting machine that does this from France.

So you saw it in our vineyards, but the curious thing is that the same thing happened to a lot of vineyards. I'm seeing this all over the place, and we have never sat down and said, "Well, let's keep our vines trimmed." It's just, we've all arrived at the conclusion together, for some reason or other. So yes, they look prettier, don't they? [laughter]

Hicke: That's a side effect, I guess.

Huneeus: We'll see if the wines are better later on. But they are very pretty, and the machine does wonderfully well.

Hicke: Yes.

Jacques Boissenot

Huneeus: The visit of Jacques Boissenot was of very big importance to us. He is one of France's most renowned enologists, and he, among other clients, for example, has Chateau Lafite, plus a hundred others, he told me. He said he had about a hundred chateaus that are his clients, apart from Antinori, for example, in Italy, and most of my friends in Chile. So now we are his California client.

He adds quite an interesting dimension to our winemaking team. The French are much more dedicated to blending than we are, they're more dedicated to what they call finesse or elegance in wines; we're more dedicated to finding strength and richness and power. So it's interesting to compare notes with him.

Then he is very much into *terroir*, finding the differences between different areas. We don't even deal with that in this country yet, much. When he speaks of *terroir*, he's talking about little areas within a vineyard. When we speak of *terroir*, we speak of Napa Valley or Carneros or very big districts.

Hicke: For instance, you were telling me that there are at least five different blocks in Quintessa.

Huneeus: There are five different *terroirs* in Quintessa, yes. And it's a combination of soil type, climate, and of course then everything else that you do in the vineyard affects it--the varietal, the rootstock, irrigation, everything does influence.

Hicke: And you indicated that you're going to keep these blocks separate for at least a while, to make some wines.

Huneeus: We harvest everything separately, and for the foreseeable future, every block is kept separate. Then the winemaker will probably decide that our best wine is going to be a blend. That's what Boissenot is going to do for sure. They are into blending. And he would like to blend the different styles of wine that come from different *terroirs*, different blocks, and also different varieties.

Valeria Huneeus

Hicke: It must be complicated to keep track. Since we're on Quintessa, would you tell me about Valeria Huneeus and a little bit about her background? She's management, the head of everything at Quintessa?

Huneeus: She is. Quintessa is her project, and it came about because we used to have another vineyard in south San Jose, Mistral Vineyards, which was close to Gilroy. She used to run that for me--for us, actually. Then when I started coming to Franciscan in '85, she started going south, so it was geographically getting farther apart. So we decided, Let's sell the south and find a vineyard up here. And she did that. We didn't find a vineyard, because all the vineyards here were replanting projects, basically, because of phylloxera and because of the lack of adaptation between the soil and the varietal. Everything here was planted without thought of this adaptation; it didn't make any difference, that was Davis [professors] of that time, they told them that it grows there so it's good.

So she found this property, and this was unplanted. It was virgin territory, had never been planted with grapes. Probably the last one in this area. So she put the whole project together and planted. She has a scientific background; she's a Ph.D. in microbiology and nutrition, and before that, she had studied

agriculture and enology in Chile. So her background was very adequate, and she's very meticulous in terms of management.

The advantage of Valeria over our typical farm manager is that she is very dedicated to the detail, and of course, when you're dealing with this level of quality, you're dealing with absolute detail, absolute detail. You can't just farm the place in a general way. Every vine has to be spoken to, and she does.

Hicke: Does she keep records on a computer somehow? Does she track the different blocks?

Huneeus: No, no. Well, we track the productivity of each block, and as harvest approaches, she of course keeps track of all of the numbers. No, but it's a very personal, subjective thing. For her, it would be like putting your children's progress on a computer. She doesn't need to do that. She is so much on top of it that she doesn't need that. She really keeps track of everything. If there are three vines that are not performing, she'll take care of those three vines. Very detail-minded, which I think is the way to go.

Hicke: I think her background in nutrition is interesting, too, in view of all the pairings of food and wine and the health concerns and so forth. Does she do anything along those lines?

Huneeus: She did a lot of research. She did her Ph.D. and her research projects were all on cholesterol metabolism, very highly sophisticated stuff. Not food; food had nothing to do with it. It's very medical, really. She worked at the Veterans Administration and UC San Francisco.

Tannins

Hicke: There was one other thing you told me that M. Boissenot talked about, and that was the tannins, the difference in the tannins.

Huneeus: Yes. I think that one of the things that he remarked on was that we were much heavier on tannins than they would like for the French. We have to understand that he's coming from Bordeaux, and Bordeaux has a completely different set of problems. They have much less powerful wines. So for them, tannins like ours would really stand out. We cover tannins a lot because of the power of our wines, concentration, and so forth. So according to him, we tend to harvest with greener tannins than they would accept. He finds in general that California wines are too

tannic. So he's helping us work on how to reduce that tannin, and we're going to test all this before we put it into general practice.

But tannins could possibly be a way to improve California wines, I mean eliminating or maturing tannins a little further. His whole concept is that we harvest much too much depending on the sugar content of the grape. He says that the sugar content and the tannin maturity don't necessarily match, so we should look more at the tannin maturity itself.

Hicke: Can you test that some way?

Huneeus: Maybe you can, but that's not what he was saying. He talks about flavor.

Hicke: You taste the grape?

Huneeus: Yes, just taste it.

Hicke: And is he going to be advising you several days a year, on a regular basis?

Huneeus: Yes, he's going to be coming--for the time being we've said two periods of time a year. One is right now, before harvest, and sort of preparing the process of what we're going to do, and tasting year-old wines. And the other is about three months after harvest, when we're doing our first sort of selection of wines. I think it's going to be a very interesting addition to our thing, anyway.

James Laube: Maker of Wine Industry History

Hicke: To switch gears here: as I walked in, you introduced me to Jim Laube, who was just walking out, and you said he's making history. Can you tell me a little bit about that?

Huneeus: Yes. I think that in the last, let's say ten years, or maybe a little more, there has been a fundamental change in the way we look at wines and the way the consumer looks at wines, the way wines are sold, and it is related to the importance that these ratings that the [*Wine*] *Spectator* and [Robert] Parker have are being looked at. I think that today every winemaker is dependent to the greatest possible--to an absurd extent, perhaps--on the ratings of the *Wine Spectator* and Robert Parker for commercial success. Therefore, they very, very much try to please those two

palates, which makes those two palates and whatever they like extremely influential in winemaking.

I think that one of the things that this means is that Jim Laube's direction has become the winemaker's direction, which is good because Jim has a very good palate, but it's dangerous because it scares everybody from being very diverse.

But there are a couple of wonderful things that have happened with these rating systems. [laughter] The most important is that he has shattered many myths. It used to be that if you established a reputation, you could really have terrible wines out there selling very expensive, and because of that reputation and the people's insecurity in their palate, you could get away with it. We used to taste here, we habitually taste competition [wines]. I would say that up to five years ago, there was not one tasting of high-end wines which didn't have one or two bottles that you'd say, "How can they possibly do this to the consumer?" I'm talking about expensive wines.

I think that today, nobody can rest on their laurels, because they taste and they'll give you the rating based on that particular bottle, not on the history of the winery; if you're not good that year, you're in trouble. So people are much more careful about releasing a wine which is not up to their standards. That has been a very positive thing.

Another very positive thing is that Jim has destroyed the relationship that people think exists between price and quality. If one were to study the ratings of the *Spectator*, or Parker, there would be no correlation between the ratings and the prices. It is not necessarily that higher priced wines get better ratings. Now, this is something which is very slow to sink in, but I think that this is an important advancement, because pricing in this country is not a matter of the quality of the wine, it's a matter of the marketing strategy. Jim has shown that to be--it's a little bit like the emperor's clothing.

Hicke: That's fascinating. But you know what that means for the consumer? It means buying wine is a completely different thing from buying anything else. If you're buying furniture, for instance, you expect to get what you pay for.

Huneeus: I think that wine is different. It's much more subjective, much more subjective.

Hicke: Right. So consumers have to learn how--

Huneeus: Yes, what they like. And if you are unfortunate enough to like the Christian Moueix Merlot better than mine, then you're going to have to pay $400 for a bottle, instead of $10 that you can pay for mine, or $12. So that's a matter of your personal taste. I would never agree that [Chateau] Petrus is better than my Merlot; I prefer mine any day. But enough people prefer his to pay that kind of a price. But that's what's being shattered, you see.

Hicke: Yes. That is interesting.

Huneeus: There is that aspect of wine marketing which I think is going to fall by the wayside. I think that we're all going to be finding that it isn't true that these big names are better than the other ones always. Maybe sometimes, maybe more times than not, but no, we have to make our way every single year now. And in that sense, I think that Jim has influenced our industry in those aspects very positively, and in one very negatively, maybe, which is the diversity issue. But influence he does have. So I think he deserves a very important position in the history of our winemaking.

Hicke: Also, what you're saying means that those ratings are going to be even more looked at and listened to, because if price is not a factor, and every year is different, how does a consumer walk in and buy a bottle of wine? Assuming they can't taste it.

Huneeus: Well, traditionally, of course, that is the role of the wine merchant. That's why they exist, that's why they're important. That's why throughout history, they've been so important, because there's always a sea of wine to choose from, and there's also always a big diversity of consumer needs and likes. So it's been the role of the wine merchant to do that, and they've abrogated that role to the raters. Which is okay, maybe, but if I were a wine merchant, I would like my clientele to listen to me rather than anybody else.

Hicke: And the same with a sommelier, I guess.

Huneeus: Yes.

Hicke: He has a kind of role to play.

Huneeus: Yes, of course. The sommelier and the wine merchant, you're right.

Meritage Wines

Hicke: Okay. I want to be sure and ask you about the Meritage Association. Can you tell me about founding that and what the impact has been?

Huneeus: Well, Meritage--the term--is, of course, not an association. That's very much a sideline, whether there's an association or not. What we found was we, being a group of about forty vintners or winemakers, that the best wines we could make were many times blends of varieties, particularly the Bordeaux varieties. We were limited by law as to how much we could blend. So in order to liberate ourselves from the restrictions imposed by the law, we would lose the name of the varietal, if we would use less than 75 percent. So we said, "Well, that's ridiculous. So let's create a term that will permit us each to have our own blends and not worry about 75 percent anything."

Already before us, there were a lot of them being done, like Opus One or like Insignia or--there were quite a few. But what we felt was a mistake was that each of the vintners would have to come out with their own proprietary name, and that would be confusing, terribly confusing. So we said, "Let's invent a generic name that would cover this particular type of blend." And we came to the term Meritage. The term itself is sort of irrelevant, eventually a term adapts, it just connotes whatever is behind it, so it doesn't--Mercedes is not a good name for an engineered German car, right? But nobody thinks about it.

Hicke: It's going to mean what you want it to mean.

Huneeus: Yes. So it didn't make too much difference. But we needed a word that had no prior meaning, and we needed a word which we could copyright.

Hicke: Did you indicate that maybe it's not a formal association?

Huneeus: It is a formal association. But I de-emphasize its importance; the association is only there for somebody to be able to own the trademark.

Hicke: Yes. What about marketing or promotion, you don't do anything like that?

Huneeus: No, we don't. We did at first to get the name out, but I don't think I met, for example, with them for more than a year. So the association itself is not a factor here. The important thing is that a term was developed for the first time in history, and it's

around, the term. Some people like it, some people don't. We all use it ultimately. People say, "Well, this is a blend of this," eventually they'll say, "It's a Meritage," even though they don't like the word.

Hicke: So do you use it on your labels?

Huneeus: Yes. We use it on the Estancia label and the Franciscan label right now. We have a Meritage in each one of those brands.

Other Varietals

Hicke: Okay. And then I wanted to ask you about Sangiovese and any other of the well-known varietals.

Huneeus: Sangiovese--well, we have been testing Sangiovese. We have it in the Estancia line. It grows in Alexander Valley in our Estancia vineyards, and it grows wonderfully well and makes a beautiful wine. I think that the jury is out whether Sangiovese is a wine that will play a major role in California. I think that--this is very personal--where I can grow great Cabernet, I'm going to grow great Cabernet and nothing else, because I think Cabernet is the king of all red wines, and probably land for a great Cabernet is the most difficult site to find. My Estancia vineyards have proven themselves to be very good, just like Rutherford here, for that kind of wine, so I'm not going to experiment too much with other varietals there.

I think that the Sangiovese--it's a bright red wine. I don't think it's a great one. I think it's easy to drink and to like, but I don't think it's a classic. I find that, for example, in Tuscany, which is sort of the seat of Sangiovese, whenever they can blend it with Cabernet, it turns out to be a super-Tuscan, as they call it, and they can sell it for ten times as much. So I just suspect that it's not going to take the place of Cabernet.

But if we find Sangiovese to be interesting, we'll find a vineyard area in which to place it, in which to grow it adequately. Estancia is very good for it, but I want to dedicate that to our red Bordeaux.

Hicke: What about Viognier or any of the other varietals?

Huneeus: No. No, I don't like Viognier at all. Personally.

Hicke: So you're not planning it, right, or you're not making it?

Huneeus: Right. We have Dolcetto. What we tested is Sangiovese, with which we've been very successful. We have one of the better ones in California, according to the ratings again. Dolcetto, which we're just testing this year, and Pinot Gris, or Pinot Grigio, as they call it in Italy. And that's an interesting white wine which has been very successful in Oregon and Washington, and now I'll see.

Hicke: Yes, okay.

Huneeus: But we don't have any more vineyard space. Everything I have is already dedicated to what we sell already, like Chardonnay or Cabernet Sauvignon, Merlot, Pinot Noir. Zinfandel, my god, that's a wonderful wine and we don't have enough area to grow it in. I'd love to grow more Zinfandel.

Hicke: Is anybody else making Dolcetto?

Huneeus: I think there is; you know, Mondavi is coming now with their La Famiglia label, and Michael Moone has La Luna Winery, and I think those are both Italian takeoffs. They'll have to have Dolcettos. Whether it's a great variety or not, I don't know.

Wild Yeast Fermentation

Hicke: Well, I'm just going to skip around here and try to pick out what we can cover. Wild yeast fermentation. Is that an important aspect of your winemaking?

Huneeus: That's something we are very keen on. We try to be distinctive. That's one of my premises: that each wine should try to distinguish itself and be different. That's why we are estates and not brands. The concept of estates lends itself to doing it with your natural yeast. Each estate seems to have a different set of yeast. And it is just another layer of distinctiveness.

Now, what natural yeast does versus commercial inoculation yeast does: I think maybe these yeasts give different flavors. But one thing they do is they certainly ferment differently in timing. Since the wines are not inoculated, it usually takes about a couple of days to start fermentation, for example. And then I think the fermentations are less uniform.

Hicke: Isn't that difficult to deal with?

Huneeus: Yes. And it's also dangerous. Sometimes we see a barrel that starts and stops, and we have to just inoculate it and then it gets declassified. Or else it doesn't start, and gets inoculated, in which case it goes into a regular Chardonnay program.

Hicke: When you say declassified, are you keeping the wines separate that are made with wild yeast, is that what you're talking about?

Huneeus: Oh, definitely, yes. We sell them--our Estancia Reserve is 100 percent wild yeast, as is our Franciscan Cuvée Sauvage. Those are 100 percent wild yeast, so we can't use any other.

Hicke: Are people interested in the wild yeasts particularly, or do they just like those wines?

Huneeus: Well, you know, the geeks like this kind of stuff. [laughter] They really do. And they find it different, and yes, there's a lot of interest, I would think. A lot of people thinking about it, tasting it. I mean really. Anything that's different. There are 5,000 Chardonnays out there; there are 5,000 labels and there are ten different flavors, or tastes, or styles. So how do you try to develop newness and distinctiveness? Anything that you do is going to create interest.

Hicke: Are there any other examples of distinctiveness that you do?

Huneeus: You mean examples of other things to make wines distinct?

Hicke: Unique, yes.

Huneeus: Blends. I'm going to make my wine slightly different than anybody else's; if I use straight Cabernet from Oakville, what's going to differentiate me from Mondavi, who's my neighbor with Cabernet from Oakville? We're going to be the same thing. We use the same technology, the same barrels, the same equipment, and we grow the grapes in the same place in the same way. It's not going to be so different. So blending can make a difference, and wild yeast makes a difference.

Travel and Marketing

Hicke: Do you do a lot of travel--events and winemakers' dinners and other kinds of promotions?

Huneeus: I am personally doing less now, I find. I travel the market about once a year; I visit my important distributors--twenty distributors or so--all the time. And apart from that, I will do three or four dinners and things, special things, and then I will go to a couple of events, like an expo [wine exposition]. But I'm letting the younger crew now do that kind of thing more and more, definitely.

Hicke: Who are the younger crew?

Huneeus: Well, the people that work here. The head of sales and the marketing heads. We have different marketing heads for the different estates, so they go out and they do their thing. So I travel less. But a lot of hospitality is done here at the winery. A lot of people come here, and I love to see them here. It's a much better venue. But we have to travel. And one trip a year I can never refrain from doing, because that's my contact with the market. Sitting here and making all these decisions, one can really make mistakes, which I often do. But going out there, looking at the stores, realizing what's competing, what's doing well, what isn't; going to your distributor and finding out what's going on there is very important, too.

Hicke: It's not just talking to them but listening, too?

Huneeus: Listening to them, around them, listening to their salespeople, finding out what pressures they have. Very important.

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Huneeus: And maybe it's a cliche, but this is a people business. So my relationship with the distributors is key to their interest in me and my interest in them, and we do better when we're friends, very much so. Then the younger crew likes to meet the owner of the product that they're selling. It's natural. Since wines are so alike, the differentiation to a great extent is the people behind them.

Hicke: I was just reading an article of an interview with a sommelier, and he said it's more important to talk about the vineyard and the people behind the wine than it is to describe the wine itself.

Huneeus: I think so, sure. How can you really describe the wine?

Hicke: Yes. He said people should find out what the wine is like themselves.

Huneeus: Yes. Because there are very few adjectives that define a wine. Blueberries, raspberries--it doesn't tell you anything.

Hicke: Kiwi flavors. [laughter]

Huneeus: Kiwi flavors. There's another one--tropical. All these things, they don't mean anything.

Hicke: But I thought it was very interesting that he would like to know about you if he's going to be selling your wine. It's exactly what you said.

Huneeus: That's right. That's why we have to be out there. I think that to sell wine in the super-premium business, there has to be a face behind the wine.

Judgings and Auctions

Hicke: Okay. How about judgings and auctions? Do you participate in those, and what's the impact?

Huneeus: Judgings--well, the contests, since the advent of the ratings that we were talking about a few minutes ago, the contests have really fallen from importance. Gold medals--nobody follows, nobody cares. Well, not nobody, but it's not half as important as it used to be. They're local, and locally you get a spurt of sales. But they're not as important, definitely. And I don't participate in judgings any more because that really takes a lot of time and an expertise that I don't feel I have. I don't feel that I can judge other people's wines.

With respect to auctions, well, we participate, of course, in the Sonoma and the Napa Valley wine auctions. Those are charity events, and those are the only ones really that are important to us. Auctions where they sell old wines in Christie's or in New York--they're doing it a lot now; if our wines are sold, we don't even know. We don't sell the wines at auction.

Hicke: That seems to be establishing some kind of a price niche for some of these old wines. Is that right?

Huneeus: Yes, definitely. It always has happened. In Europe, the Christie's and the Sotheby's auctions are very important. But it's new here in this country, because New York just approved it last year. I don't know what the restriction was which isn't

there any more. It has something to do with the fact that you can now sell wines even if you don't have a license, if you go through a licensed person to sell them for you. In other words, I don't think that before, if I had a wine collection, I could go to let's say Sherry Lehman's or Peter Morel and sell my wines. Now that can be done. So something has changed. Which was a major breakthrough, by the way. They're having a ball over there in New York doing it. They love it, and it's great.

Hicke: But you don't know if your wines are part of this?

Huneeus: I don't think that any vintner knows whether his wines are being auctioned, because these are private things. The wines are already owned by somebody else. No, I wouldn't know, unless I got everybody's catalogue or something.

Health Aspects of Wine

Hicke: I understand that the neo-Prohibitionists are not as active now as they have been in the past. Have you found that?

Huneeus: I had been thinking about that, but I dare not. I don't think we'd better even think that.

Hicke: Okay. [laughs] Somebody up there might notice.

Huneeus: Yes. There has been, I think, something different. I think that there has been a recognition of the fact that wine is not harmful and that wine can be healthful in certain circumstances, and I think that people in this country are fed up, and rightly so, with all of these people telling them what to do, and what to drink, and what to eat, and all these labels that say millions of things that you can't possibly understand. So I think that there's a certain freedom that is coming out. I don't think that prohibitions or limitations of this sort are politically correct any more. And if they're not political, then nobody espouses them. So I think that there is a little less aggressiveness in the anti-alcohol lobby because of that.

And it's been proven so absolutely without a shadow of a doubt that these restrictive things don't ever help. I mean, the more we restrict things, apparently, the more they sell, or something.

Hicke: Of course, everything I read about the research that's being done, it's all positive.

Huneeus: I think that there's absolutely a recognition of the healthful effects of moderate alcohol and wine. I think that there's nobody in the world now that doesn't understand that wine is a complement to food and to gracious eating and to gracious living. There's no way. No matter where you go, if there's a banquet, if there's a church event or a government event, there's wine. It plays a role.

This country, of course, has a way of going from one extreme to the other. We'll see what happens. I wouldn't count on victory on that front ever.

Hicke: Not total victory?

Huneeus: Not total victory. There will be restrictions. But I hope that this increase in the price of grapes is somehow reflecting an increase in demand.

Price Changes

Hicke: Yes, I wanted to ask you to talk about that a little bit, about the present crop and the prices.

Huneeus: I've never in my life seen as intensive a price movement as there has been this year, 1995. Grapes went crazy. Many of them, even Pinot Noir, doubled in price in one year. Because they were very scarce, of course. But Zinfandel is unreachable, Merlot is unreachable, Cabernet is extremely expensive, Chardonnay is expensive.

Now, is that due to the fact that we pulled out a lot of vineyards because of phylloxera? Maybe. Maybe yes for Napa and Sonoma. I think that it has to do also with consumption. I think '94 was a year of explosive growth for most people. When they buy grapes for 1995, they're going to sell those grapes in 1998 if it's red wines, right?

Hicke: Yes.

Huneeus: So what companies do, of course, is they make a projection based on their current year, and they project that in 1994 we sold this, so in 1995 it's going to be the same increase, and 1996, because now we're good. It's not that the market has changed; everybody thinks that they are selling more because they're more clever. And they'll continue to be more clever for the next few years, so every year, they take the same increase. So in 1998,

three or four years down the road, you're looking at a consumption, if you're that clever, which you were in 1994, of maybe 60 or 70 percent more than what you sold in '94. So that you have to buy in '95 in order to satisfy that need.

Now, there's no way that the country is either going to consume that amount of wine, or supply it. So what I mean to say by that is that if you were to be magic and to be able to add everybody's marketing plans for 1998, which is what causes the purchases of 1995 grapes, you'd have a total wine consumption projected that is absurd for the country. Right?

Hicke: Well, we're supposed to be having up to five glasses of wine a day, you know, according to the latest study. [laughter]

Huneeus: That would certainly put the anti-alcohol group into--

Hicke: Orbit.

Huneeus: But I think that that's what's happening.

Future Trends

Hicke: Let me just ask you to talk about the future of Franciscan and the Napa Valley and the wine industry for a couple of minutes.

Huneeus: Yes. I took Franciscan over ten years ago, and we were doing about 30,000 cases. Today we're doing 400,000 cases. If I were to look--and I do--at ten more years down the road, the projection would be more than 4 or 5 million cases, which is huge, more than Mondavi. I don't know whether that's true or not, but I do know that in the next five years, we will be probably doubling, and in order to do that, we are doing--as a matter of fact, these days, that's why I've been so busy--major restructuring of the company and of our facilities. We're doubling this facility. We're building a winery in Monterey. We have the other winery being built in Chile. We're redoing our Mount Veeder winery. We've redone offices here. I mean, we're really making a major step forward in order to prepare ourselves for that growth. Our vineyards have been totally pulled out--the bad ones--and replanted. So we're going to have a new vineyard base, which is more quality and probably more production than we had with the phylloxera vines.

So I'm looking at a pretty positive scenario for the future. I think that we as a company are positioned fairly well because

of our system of estates rather than brands. We're not one big brand growing, like Mondavi or like Kendall-Jackson, like the big guys, which I don't have too much faith in long-term; having run Paul Masson and all those things, I see how they grow into sort of lower categories. So I think that we're poised for growth.

I think that the Napa Valley is, of course, as we all know, limited now. There's no way Napa can grow; it can't grow any more grapes. All the grapes are out, so that's it. I think that what remains for Napa now is just to continue doing better wines, which they will, because the renewal of the vineyards has been a major, major improvement. And it's just going to be more prestigious, I suppose, in the context of all California and American wines, and world wines. We're going to be all the time selling at higher levels.

And I do believe, by the way--you asked me about Napa wines--I do very strongly believe that we are increasing consumption. I think that part of the grape supply problem today is increased consumption, and I think that once people drink wine and start including it into their habits, it grows on them, because it's a wonderful thing and it's a wonderful product--I believe that, obviously, right? So I think we're creating more converts, and maybe wine consumption will grow. Maybe we were right in the seventies when we thought that we were going to get the American consumer to include wine into some sort of a habit, into an everyday occurrence rather than a festive kind of thing. Maybe it's taken longer, but it's slowly getting there. So as you can see, I'm pretty optimistic.

Hicke: That's great. Okay, let's stop on that. And thank you very much for an excellent interview.

Transcribers: Lisa Delgadillo, Shannon Page
Final Typist: Shana Chen

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matt kramer

The Resurrection of Napa Valley

One of the most astonishing transformations in American wine is occurring in—where else?—Napa Valley. The astonishment is that the changes are subtle and insinuating, et profound. These are not adjectives sually applied to Napa Valley, which ometimes seems more inspired by Hollywood than, say, Hermitage.

Nevertheless, Napa Valley has again ecome something it hasn't been for ears: the most exciting *winegrowing* lace in California. Commercially and ocially, Napa Valley has always been timulating. Ambition and big money ave a permanent attraction. But when t came to growing grapes, Napa Valley rew moribund. Too many producers were complacent. Others were just plain errified of losing their place at the rough. Too many vineyards were planted o inappropriate grapes. But they sold anyway, carried by the Napa Valley name. There was no reason to change. You could practically hear the snoring.

Then, two powerful forces arrived that swept all before them: phylloxera and appellation. They arrived simultaneously, gathering secret strength in the '80s and emerging full-blown in the '90s. Their joint emergence powerfully reinforced their separate, but complementary, effects.

Appellations gained force in the mid-'80s as Napa's growers realized that fine wines taste as if they come from somewhere. All those trips to Burgundy, Bordeaux, Italy, Australia, New Zealand, Oregon and Washington resulted in new insights about what it takes to make really fine wine. Not just varietal wine, mind you. But the real thing: Wines that taste like they can't be grown anywhere else.

As Napa Valley subappellations became inevitable—Howell Mountain, Stags Leap District, Carneros, Oakville, Rutherford, Mount Veeder and others—the growers' lots were cast. No longer could a grower simply offer a winery brand to be judged higgledy-piggledy against all other Napa Valley brands. Appellations are an invitation—a demand, even—to have your wine judged in a particular, more exacting context.

Today, the talk of Napa Valley is utterly different than what was heard even a decade ago. Once, the vineyard mentality was an imposition on the land: level it, irrigate it, bend it to your will. Today's mentality is one of submission: Vineyard decisions now proceed from nuance rather than brute ego. Growers replant not with the intent of making a mere varietal wine, but instead to try to tease from the land a distinction of place. After all, that's what appellation is about.

For example, growers now engage in nuanced investigations of their vineyard soils, the better to match just the right rootstock to the right soil. A single row of vines, as it cuts across several soil types, from gravel to sand to clay, will have the same grape variety planted on a half-dozen different rootstocks.

What's more, an array of different clones is being planted. And the vineyard spacing—between vines and across rows—is often closer, even though the cost is formidable (more vines, more labor and new, smaller tractors). And because whole vineyards are being uprooted, elaborate drainage systems are being installed that would otherwise have been decades away. The new awareness of soil has made drainage—even in seemingly dry Napa Valley—a nuance that probably will lead to better grapes from currently lesser sites. All this to achieve an increase in quality, something unmeasurable yet recognized as real.

None of this would have happened on such a wholesale level were it not for the devastation of phylloxera. By the end of this decade, the majority of Napa Valley's vines will be brand-new. Grape quality is almost guaranteed to be better than ever—at a staggering cost. The financial burden—new vines, lost wines—is estimated at upward of $300 million.

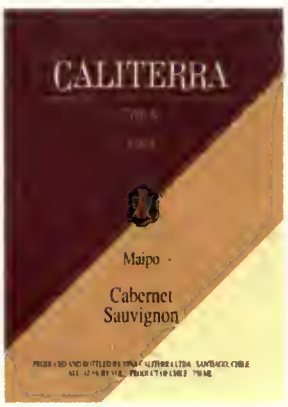
It's an altogether new game, and tremendously exciting. What is happening in Napa Valley today is not that the goalpost has been moved. It's that the goal itself has changed, transformed by appellation insight and quickmarched by phylloxera.

Matt Kramer is the author of the "Making Sense" series of wine books.

THE FRANCISCAN OAKVILLE ESTATE
Oakville District, Napa Valley

THE ESTANCIA
MONTEREY ESTATE
Monterey County

THE ESTANCIA
ALEXANDER VALLEY ESTATE
Sonoma County, Alexander Valley



THE CALITERRA ESTATE
Chile

THE MOUNT VEEDER ESTATE
Mount Veeder Appellation, Napa Valley

THE PINNACLES ESTATE
Monterey County

THE ERRAZURIZ ESTATE
Chile

OUR PHILOSOPHY

1 *Terroir: We are estate based.* Franciscan Estate Selections represents a portfolio of estates, not brands. We are dedicated to growing our own grapes and to producing wines from them exclusively. Each of our wines seeks to express the unique *terroir* of its specific estate.

2 *Class Marketing: We seek out the most interesting classes of wine in which to participate.* By class we mean specific appellations, varietals and price categories. Every wine which we produce will have a "reason for being" and a place in the wine market.

OUR COMMITMENTS

1 *Our Quality Commitment:* In every class that we participate, we endeavor to excel in quality. We make every effort possible to be the best within our class. Every one of our wines seeks to excel among its competitors.

2 *Our Value Commitment:* With each of our wines, we commit to reasonable pricing based upon our costs and efforts rather than on hype and "prestige pricing." We intend to be an excellent value in every class that we participate.

3 *Our Long-term Commitment:* In our search for the most interesting classes, and in our efforts to produce excellent wines at reasonable prices, we are investing in the future of our company and our industry. We commit to being in the wine business for the long term. Estates, not labels or brands, will ultimately be the basis of the California wine industry.

I. TERROIR

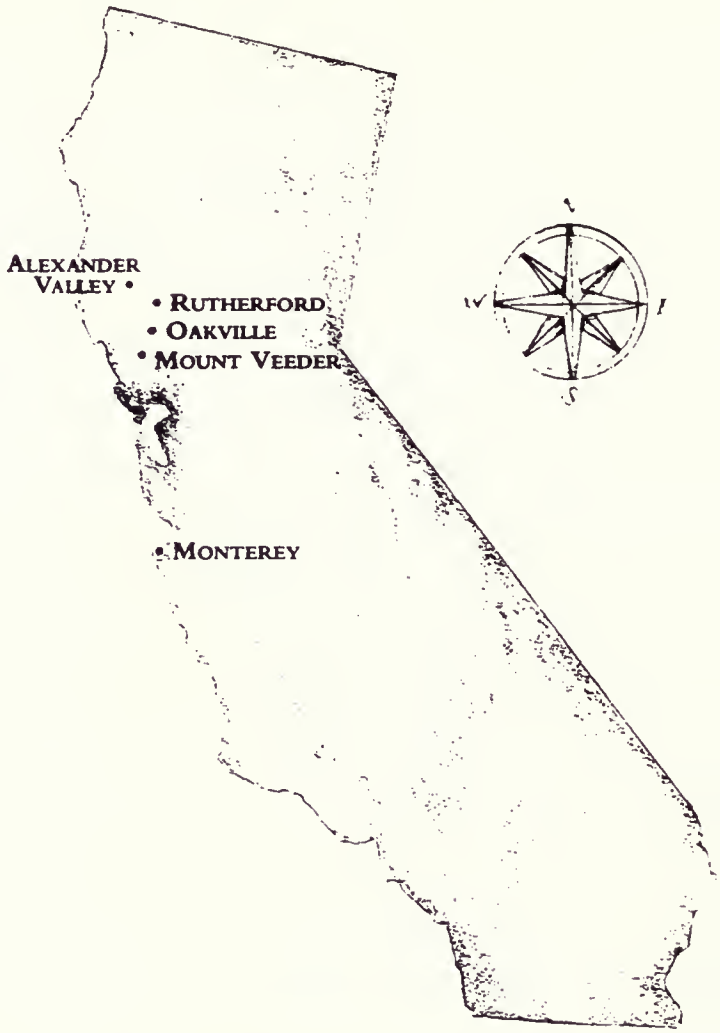
There is no precise translation for "Terroir" in the English language. Loosely defined, Terroir is the combination of soil, climate, landscape, exposure, varietal and clone which are unique to a specific vineyard.

Terroir is the basis of the appellation system in Europe, defining the quality and reputation of wines based upon the vineyard in which they were grown. Despite Europe's example, terroir has played a minor role in the evolution of winemaking in the "New World," California in particular.

"Terroir is the wine culture of Europe. Terroir is the freedom to let the earth express itself in our wines. We over manipulate our wines, rather than allowing the earth and the climate express itself."

California winemaker's have been preoccupied with "varietal character," which limits wines to the expression of the five or fewer varietals recognized in this country, in an industry which produces thosands of individually labeled wines whose only distinguishing elements are price, packaging and marketing.

Franciscan Estates is dedicated to the concept of Terroir. We believe that the quality and character of a wine are decided in the vineyard. We produce wines exclusively from our own vineyards which have been selected for their unique Terroir and are planted to the varietals which we feel are best suited to each estate. Each of our wines seeks to express the character of the vineyard: its Terroir.



"Terroir is the combination of an infinite number of factors: temperature by night and by day, rainfall distribution, hours of sunlight, slope and drainage, to name but a few. All these factors react with each other to form, in each part of the vineyard, what the French wine growers call a terroir"

Peter Sichel, proprietor Chateau Cos D'Angludet
The Vintners Art

Indeed, winemaking can affect the characteristics of a wine. But even the most talented winemaker cannot make a Meursault in Australia or a Chateau Lafite in Spain. The recognition of the distinct characteristics of a property - its Terroir - is what differentiates wine from other mass-produced consumer products. Each property, each region has a different set of conditions, and it is this difference, this expression of uniqueness, which we strive for at Franciscan Estates

II. WILD YEAST FERMENTATION

Yeast are the tiny micro-organisms that transform the sugars of the grape into alcohol, transforming juice into wine, through the process of fermentation. Until Louis Pasteur discovered that this process was induced by yeasts which were present on the berries in the vineyard in the 1860's; winemakers were aware of the results of fermentation, but not the cause.

As winemakers became aware of the particularities of the fermentation process, they found that they could avoid stuck-fermentations and fermentations which were too hot by using yeasts which were proven to achieve consistent results.

Despite the efficiency of developing yeasts for uniform results, we are now discovering that the yeast which are native to a particular vineyard can add distinctive qualities to the wine which are not achieved by cultured yeast. This observation is

"In France, the non-interventionist approach extends right through the winemaking process. Natural yeasts for both primary fermentation and malolactic fermentations are considered essential: they are an extension of the expression of terroir, providing subtle but palpable complexity to the wine."

Hugh Johnson, The Vintner's Art

shared with our counterparts in Burgundy who continue to wild-yeast ferment their finest wines to achieve additional nuance and character.

Franciscan Estate Selections was among the first producers in California to experiment with wild-yeast fermentation in California. The release of our first Franciscan Oakville Estate Cuvee Sauvage in 1987 confirmed our belief that we could produce wines which expressed the unique qualities of our vineyard by utilizing the native yeasts present in our Oakville Estate. We have expanded our wild yeast program to the wines from our Pinnacles Vineyard as well. We are convinced that the distinctiveness of this wine could not be achieved if we were to use commercial yeast inoculation.

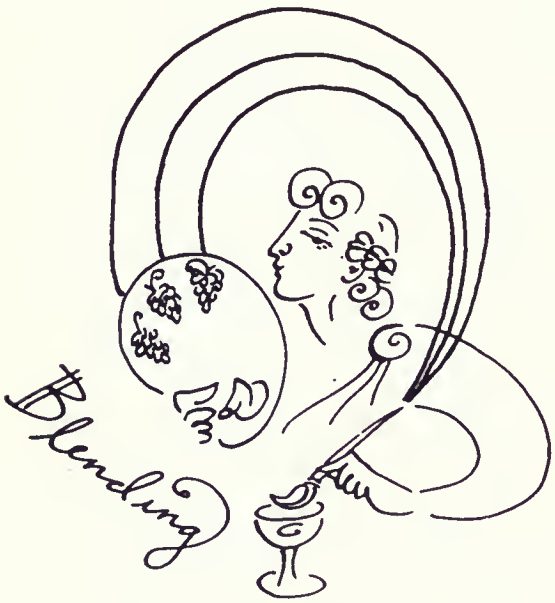
Although the process of wild-yeast fermentation requires more attention and involves more risk,

"Wild yeast fermentation is a matter of achieving complexity and nuance. Such things have been lost in the culture of winemaking as we pursue consistency."

we believe that the complexity and character achieved justify these hazards. As California continues to evolve, we predict that those who have the benefit of estate-grown fruit will seek the distinction of their yeast flora to distinguish themselves from the many uniform wines being produced in California.

III. BLENDING

Throughout the history of winemaking, most great winemaking cultures have sculpted their finest wines by blending. Most winemakers have strong technical skills, but it is their palate - their ability to conceive and express the nature of a particular vineyard - which has made a selected few great. Over the course of the last decade, the better winemakers of California began to divert from the "varietal fixation" in order to produce wines of superior complexity and sophistication. Because of the efforts of these few innovators, some of the most prestigious wines of California were created.



"In most old world regions blending was taken for granted...The New World, though, has generally been hesitant about sullying the 'purity' of its 'varietals.' The assumption has been that if Cabernet Sauvignon is good, 100 percent Cabernet must be best. For better or worse 'varietal character' has been and still is pursued as a goal in itself."

Hugh Johnson, The Vintner's Art

Today, more than forty of California's premier vintners are producing blends from the Bordeaux varietals. In order to avoid the confusion, the term "Meritage" was developed to inform the public that the wine is not merely a "Table Wine," but the winemaker's finest effort at expressing the traditional Bordeaux varietals.

Franciscan Estate Selections believes that the most interesting wines that we can make of the Bordeaux varietals are blends. We have found that the elegance and austerity of the Cabernet Sauvignon from our Oakville Estate is tempered by the luscious Oakville Merlot. The Cabernet Franc and Merlot from Estancia's Alexander Valley Estate adds depth and structure to the round, forward berry fruit character of the Alexander Valley Cabernet. The unique concentration of our Cabernet from Mount Veeder is made more complex by the Mount Veeder Cabernet Franc and softened by the Mount Veeder Merlot.

VARIETAL PROPORTIONS OF WELL KNOWN BORDEAUX BLENDS

ESTATE	Cabernet Sauvignon	Merlot	Cabernet Franc	Malbec	Petit Verdot
Lafite-Rothschild (Pauillac)	70	20	5	0	5
Franciscan Meritage	70	20	10	0	0
Mount Veeder Meritage	40	40	10	5	5
Estancia Meritage	75	5	20	0	0
Margaux	70	20	5	0	5
Latour (Pauillac)	80	10	5	0	5
Mouton-Rothschild (Pauillac)	90	3	7	0	0
Haut-Brion (Graves)	55	20	25	0	0
Leoville-Las Cases	75	8	15	0	3
La Mission Haut-Brion (Graves)	60	30	10	0	0
Cheval Blanc (St. Emilion)	0	33	66	1	0
Petrus (Pomerol)	5	95	0	0	0

The merits of blending are also displayed in the white Bordeaux varietals. The very delicate floral character of our Monterey Sauvignon Blanc is structured and refined by blending with Semillon.

Determining the exact composition of each of these blends is an art form - the creative element which is obscured by the single-varietal wine.

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